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Soviet Union

Economic Affairs

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19990324 107

Soviet Union

Economic Affairs

JPRS-UEA-88-040

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28 OCTOBER 1988

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Roundtable Discusses Socialist Inflationary Process

18200011 Moscow *EKONOMICHESKAYA GAZETA* in
Russian No 37, Sep 88 pp 8-9

[Report on meeting of the "Debate Club" by T. Valovaya and M. Panova: "Inflationary Process: Causes, Forms, and Ways of Regulation"]

[Text] Today, when we are engaged in an open talk about the ways and problems of implementation of the radical economic reform and renewal of the forms of economic life, there is a need for an all-around weighed approach to an analysis of the causes leading the national economy to the verge of an economic crisis and to a disruption in the country's financial status. An objective investigation of the essence and manifestations of the inflationary process and of the possibilities of regulating it is needed. Economic scientists from the Soviet Union, Poland, and Hungary took part in a discussion of these problems in the "Debate Club of *EKONOMICHESKAYA GAZETA*."

Many-sided Image of Inflation

K. Mikulskiy, corresponding member of the USSR Academy of Sciences:

The inflationary process in the socialist economy has open and hidden forms. Under the conditions of centralized price regulation, first of all, hidden forms have made themselves felt. The meager selection of goods on counters in stores, while the population has money available, has become their most graphic manifestation. The "washing away" of the cheap assortment and its replacement with expensive goods not always of a better quality is also characteristic. Lowering the quality without fixing the price is, perhaps, the most widespread form of manifestation of this hidden inflation. The shortage of means of production is another of its forms. In this case the money in enterprise accounts is devalued to a certain extent.

The imbalance of the mass of commodities and the mass of money attests to the imperfection of the structure of public production. Thus, noncorrespondence of the structure of supply to the structure of demand, not only a global excess of the mass of money over the mass of commodities, is the source of inflation.

A rise in prices is also characteristic of other countries. The following question arises: Is inflation in some of its aspects not a worldwide process determined by the characteristic features of economic growth at the present stage? I believe that it is. Several characteristics of the present type of scientific and technical progress, the dynamics of expenditures on manpower reproduction, and so forth are reflected here. The value basis for the

price also changes. For example, interests in meeting new needs can give rise to a tendency toward an outstripping growth of socially necessary expenditures as compared with actual average sectorial ones. One of the incentives for the renovation of products, but also... the urge to raise prices, lies in this.

G. Aristov, senior scientific associate at the Institute of Economics of the World Socialist System of the USSR Academy of Sciences:

The rise in prices is the consequence, not the cause, of inflation. Noncorrespondence of the mass of money and the mass of commodities and of effective demand and the possibilities for its material provision gives rise to it. Of course, these causes have their causes... I believe that, first of all, the economic expenditure mechanism leads to the overfilling of channels of circulation with the mass of money, which causes a rise in prices. Unsatisfied demand, speculation, "shady economy," and the "black" market with its high prices also attest to hidden forms of inflation.

P. Serbin (Hungarian People's Republic), senior scientific associate at the International Scientific Research Institute of Problems of Management:

I believe that the main causes of inflation lie in the economic expenditure mechanism, low efficiency of management, and weak use of commodity-money relationships. Let us turn to Hungary's experience. When in the 1960's and the beginning of the 1970's the country experienced the so-called "golden season" of economic development, the rapid economic growth was accompanied by an improvement in the population's well-being and a low level of retail prices. Their annual increase of 1 to 1.5 percent was a stimulating factor for the entire economy. However, qualitative changes occurred in the middle of the 1970's and, especially, in the 1980's. The rate of economic growth slowed down markedly, economic efficiency declined, and the external and internal equilibrium was disrupted significantly. This caused an expansion of the inflationary process. In 1987 the real wages of workers and employees were 13 percent lower than in 1980 and the annual rise in retail prices made up 7 to 9 percent. It is expected that in 1988 the total level of retail prices will rise by another 15 percent. What are the prospects? Big hopes for overcoming the inflationary process are connected with the governmental program for stabilizing the country's economy adopted last year.

Comments by *EKONOMICHESKAYA GAZETA*

One can agree that inflation is not only a rise in prices. When money cannot be realized owing to the poor satisfaction of demand, it is devaluated to one degree or another. This is indisputable. However, this is a too obvious and very simplified interpretation of causes and the consequence. It is important to uncover the conditions that have created such a situation. First of all, it is necessary to examine what role the previous economic

expenditure mechanism played in this process. For example, the unearned wages paid as a result of the triumph of unwarranted wage leveling and setting of unwarranted pay and bonus levels, as well as owing to various kinds of over-reporting of performance, can be mentioned. And the economic consequences of the "late completion of projects"? Vast funds were spent on incomplete projects, which did not work for the national economy for a long time.

Let us also recall something else. Essentially, thus far we did not have another possibility of spending money except on the purchase of goods and services, about the shortage of which much has already been said. However, there are also such functions of money as saving and accumulation. They are not contraindicated to socialism and can be activated. Now enterprises and cooperatives can create commercial banks and issue shares.

The subject of the effect of the expenditure mechanism and of the reproduction aspects of inflation touched upon in the discussion seems also effective.

Basic Sources

A. Deryabin, head of a sector at the Institute of Economics of the USSR Academy of Sciences:

In my opinion, the sharp divergence in value and material-physical proportions is the basic cause for us. "Surplus money" not having a real material coverage appears in this way. A shortage of consumer goods arises and, whether we want this or not, retail prices inevitably begin to rise.

The redistribution of income in favor of population groups with a high level of effective demand intensifies inflation. An accelerated development of the service sphere associated with an outstripping growth of wages in this sphere should also be noted.

R. Helinski (Polish People's Republic), senior scientific associate at the International Scientific Research Institute of Management Problems:

I agree that the connection between inflation and wage dynamics should not be overlooked. I have in mind the different dynamics of piece-rate wages and wages paid on the basis of fixed salaries. For workers with a piece-rate or bonus system of wages their level increases with labor productivity growth. However, when it is necessary to raise the wage level of workers with fixed salaries, additional monetary payments do not always rise to the extent of the increase in produced products and rendered services.

Up to 3 percent of the annual increase in the national income must be assigned for this kind of rise in wages. Its usual increase is 3.5 to 4 percent. Since we are unable to give up capital investments in the economy and other

expenditures, including for social needs, the contradictions arising here are resolved by a rise in prices. Essentially, through a rise in prices we withdraw part of the increased wages in order to balance income with the real possibilities of ensuring it. Of course, high rates of growth of the national income make it possible to give up such a path.

There is also a second source of inflation with especially unfavorable consequences. It is a matter of a delay in the urgent restructuring of the economy. The need for it arises not only under the effect of current national economic needs, but also of the tendencies in the development of productive forces brought about by the scientific and technical revolution. One can agree with the opinion expressed here that inflation has a causal relationship with worldwide processes.

Opinion of EKONOMICHESKAYA GAZETA:

Naturally, it is erroneous to think that any restructuring of the economy necessarily leads to an outbreak of the inflationary process.

R. Helinski:

In fact, this does not happen always, only when restructuring is dragging out unjustifiably. Here is a concrete example. For years with the help of subsidies we have maintained low retail food prices. As a result, an inefficient structure of public production is preserved and agriculture is not developing at the necessary rates. Sooner or later we encounter the need to improve the economic situation and to get away from ineffective subsidy payments. Prices have to be raised by 30 to 35 percent and sometimes even by 100 percent at one stroke. This is not a painless solution from the social aspect.

G. Aristov:

I want to emphasize once again the importance of the radical economic reform. The previous economic mechanism was oriented with all its parameters toward inflationary growth. The sources of economic growth based on an increase in expenditures on an extensive foundation inevitably led to a rise in the mass of money and prices. If we had not created a fundamentally new economic antiexpenditure mechanism, inflation would have pursued us for an indefinite, long time. Therefore, it is so important not to drag out the restructuring of the economic mechanism.

I hope—our Polish colleagues will agree with me—that Poland's experience shows this. In 1982, when a rise in prices occurred there, the attainment of a balance of the mass of commodities and the mass of money was envisaged. Today, however, a price rise is again on the agenda. In my opinion, the reason is that a fundamentally new

economic mechanism has not been created. This problem is being solved in Poland now, in the course of the second stage in the economic reform.

Is the Situation Controllable?

Ya. Liberman, professor at the Moscow State Correspondence Pedagogical Institute:

I believe that inflation should be regarded with complete calm. It should not be dramatized. This is a normal phenomenon inherent in paper money circulation. True, when the inflationary process becomes uncontrollable, it leads to negative consequences. I assume that inflation was dangerous for us during the years of stagnation, when it was ignored in economic decisions and when speculation intensified and the "black" market was activated.

Today, however, under the conditions of radical transformations in the economy, a fundamentally new market is being formed. It gives an outlet for this surplus of money, which the population has. In other words, controllable inflation does not represent a danger and can be utilized in society's interests.

B. Atobayev, head of a department at the Ashkhabad Institute of the National Economy:

It is absolutely impossible to agree with this. By means of moderate inflation, in fact, it is possible to preserve a very shaky equilibrium of the market. However, even a small deviation from it instantly leads either to the most severe shortage, because demand pending a further devaluation of money is maximally stepped-up, or to the development of moderate inflation into hyperinflation.

Inflation necessarily leads to a sharp deterioration in the conditions of production development. For example, in connection with the rise in prices of equipment depreciation sums are insufficient to renew or at least to restore worn out productive capital at the optimum time. The possibilities of capital investments for new construction are also worsened. Ultimately, in the absence of some reserves of manpower, capacities, and raw materials there is a slowdown in the development and even stagnation of production. Let us take social consequences. The consumer, and especially the economically weak consumer, is the first to feel inflationary processes.

Z. Grabovski (Polish People's Republic), senior scientific associate at the International Institute of Economic Problems of the World Socialist System:

In the course of our discussion it is quite permissible to understand inflation as the devaluation of money—not simultaneous, but representing a continuous process, with which we are precisely dealing at this moment. Such an approach makes it possible to take into account both the quantitative and the qualitative aspect of the process. The quantitative aspect, when the devaluation of money

is expressed in a rise in prices and qualitative, when, formally, there is no rise in prices, but, even having money, it is impossible to meet one's needs. In Poland people even say: "It is not enough to have Mr Money, Comrade Limit is also necessary."

However, the general causes of inflation lie in the fact that society wants to distribute and consume more than it produces. This can be connected with excessive budget expenditures, capital investments, expenditures in the nonproduction sphere, and material production. Such causes of the inflationary process, its factors, manifestations, and consequences were profoundly discussed in the Soviet economic literature in the 1920's, in particular in the works of economist Novozhilov.

I share the view that the previous economic mechanism gave rise to inflation "with all its parameters," primarily with all its ineffectiveness. Of course, the new economic mechanism is a radical remedy against inflation. However, if we talk about Poland, it is important to remember that in many features Polish inflation is unique.

First of all, we cannot forget the political and economic events of the end of the 1970's and the beginning of the 1980's. At that time in 4 years the national income dropped by more than 20 percent. Under the pressure of political demands the population's monetary income grew by 160 to 170 percent. The race for income and prices of consumer goods broke out.

To this day per-capita consumption has not reached the 1978 level. This produces a strong pressure on an increase in income without connection with the results of labor. Finally, the inflationary process in Poland is connected with a big foreign debt. Owing to this, as of 1982 the national income used for consumption and accumulation is much lower than the produced one, which narrows the possibility for a balanced economic development.

Question from the hall:

People say that it is not bad to have a bit of inflation. Sometimes the only possibility of efficiently stimulating the worker for labor productivity growth is seen in the "price-income" race. Is this so?

R. Helinski:

Stimulation by means of inflation is possible only with its low level. However, when it is measured in two- and three-digit values, such steps no longer exist. In this case, as Poland's experience shows, inflation can hardly be kept within acceptable limits.

B. Myasoyedov, head of the editorial department of the Ekonomika Publishing House:

I would like to support the idea of the need to turn to the scientific legacy of the 1920's. For example, A. Chayanov's works contain useful research on the budget of

peasant farms. As it seems to me, sources of inflation are hidden somewhere at the turning point between the income received and its use. Therefore, it is necessary to study the budget of the worker, the kolkhoz member, and the employee, which will make it possible to see how the structure and level of consumption, needs, and effective demand change.

Many interesting things in matters of overcoming "discrepancies" in prices, which arose in the 1920's between prices of industrial and agricultural goods, are contained in F. Dzerzhinskiy's works. An indication toward a connection between the growth of the managerial apparatus and nonproduction expenses can be found in N. Bukharin. Their growth heats up inflation.

Comments by EKONOMICHESKAYA GAZETA:

Ultimately, the imperfection of the economic mechanism appears as the fundamental source of inflationary phenomena. The effect of departmental monopolism can be added to the above-stated. This factor in economic terms has not yet been analyzed properly. We know, however, that often a department imposes on society expensive and inefficient plans for economic construction, which only worsen the economic situation and lead to the growth of the mass of money both among enterprises and the population without the necessary commodity coverage. Furthermore, departments, using their monopoly position, often solve problems at the consumer's expense and raise the price of products without the necessary improvement in quality.

It is hardly possible to agree with the opinion that stable causes of inflation can include a periodic rise in wages for workers whose labor is remunerated with fixed salaries. In the Soviet Union and in other socialist countries there were long periods, when the stability of fixed salaries was observed. However, this did not pay a significant role in limiting inflationary tendencies.

Finally, the reproduction approach to the analysis of inflation seems especially important for balancing the economy.

How To Improve Money Circulation

V. Shprygin, head of a department at the Scientific Research Institute of Prices of the USSR State Committee on Prices:

I cannot agree with economists who consider inflation inevitable. There is an impending doom in such a statement. Inflation is an economic phenomenon, a process, which we must learn to control. Its causes lie not so much in the shortcomings in price formation as in the general shortcomings in management. Prices are only a mirror of these shortcomings.

The restructuring of the economy should improve its balance and ensure an accelerated development of sectors connected with meeting man's needs. It is also

necessary to systematically pay wages to workers according to final results in close connection with the cost-accounting income of the enterprise. Effective state control over price dynamics and establishment of a closer dependence between the price level and the growth of consumer properties of products also should contribute to the restraint of inflation.

Yu. Kashin, doctor of economic sciences:

I also do not agree with the way the question of the inevitability of inflation under socialism is put. In principle, socialism is capable of controlling in a planned manner factors ensuring a commodity-money reproduction balance. It is well known that V. I. Lenin considered inflation the worse type of taxation.

If we talk about the possible methods of normalizing the money turnover now, in my opinion, it should be a matter of price and money reforms mutually supplementing each other. Each reform has its own "pros" and "cons." However, only in unity and, above all, with the preparation of appropriate conditions is it possible to attain success. It seems that a price reform alone will not solve the problem.

V. Ivanter, head of a laboratory at the Institute of Economics and Forecasting of Scientific and Technical Progress of the USSR Academy of Sciences:

There are two methods of stifling inflation. The first is to adopt economic measures to improve the situation and the second, to hide the true movement of prices, income, and money with administrative actions. We have resorted more often to the second. Figuratively speaking, for many years we have shaken "thermometers," which have shown unhealthy commodity-money relationships. As a result, we have arrived at a state of a gross imbalance between the mass of commodities and the mass of money. I agree with the opinion heard that this process is fraught with the danger of a reduction in incentives for labor.

Of course, I would very much want to begin "life over again" and "to chop off" the surplus mass of money accumulated among the population in production and nonproduction spheres. This is the legacy of the period of stagnation. But how do we do this?

N. Petrakov, corresponding member of the USSR Academy of Sciences:

The success of economic restructuring depends to a decisive degree on an improvement in our monetary system in the shortest time. Economic methods of management in a disorganized monetary economy will skid constantly.

What, in my opinion, is it necessary to undertake right away? First, to improve enterprise finances and to fight against the producer's monopoly.

Second, the system of measures for diverting the available mass of money from current demand should be realized urgently. For example, the interest on time deposits could be increased substantially and the sale of apartments could be expanded, removing administrative restrictions on the purchase of additional housing.

Third, finally, it is necessary to establish in practice the closest relationship between wages and final results. Low quality, rejects, and the impossibility of selling products should inevitably lead to a reduction in basic earnings, not only in bonuses. After all, wages received for the output of unnecessary products in their social nature represent legalized unearned income.

Fourth, it is necessary to enlist the population's funds more boldly and on a wide scale in the sphere of cooperative—and not only cooperative—production. State enterprises can also issue shares and distribute them among members of labor collectives.

V. Ivanter:

It seems to me that today we reap the fruits of the incorrect concept of correlation of prices, income, and state subsidies, to which the economic theory has contributed. It is established that, for example, high costs of agricultural products and low prices of foodstuffs give rise to state subsidies. In order to get away from them, it is necessary to raise prices, partially compensating for this with an increase in income.

The evaluation of the situation should be approached from another point of view. Historically, it turned out that low wages forced us to keep food prices at a low level. The low prices of agricultural products in our country, as before, point to the cheapness of labor, have a tinge of charity, and are not directly connected with concrete results of labor.

I see the way out in a differentiated increase in monetary income with due regard for the quantity and quality of labor with a simultaneous rise in prices. Precisely this makes it possible to attain the desired balance in the economy. At the same time, there is a change both in the structure of prices owing to a substantiated reflection of expenditures and accumulations in them and in the structure of consumer demand.

K. Mikulskiy:

It seems that V. Ivanter, examining the interconnected movement of prices, money, and income, has arrived at a definition of inflation more fruitful for the formation of a real economic policy. The abolition of subsidies, in fact, can solve very few, perhaps not main, problems and, possibly, can aggravate some. If, however, we give

an equal compensation for an increase in retail food prices to all population categories, as was done in Poland, we will intensify the tendencies toward leveled wages. A justified differentiation of income will be reduced, which is also not desirable.

Z. Grabovski:

Not any rise in prices is inflation. A race of prices and income and their jacking up spiral after spiral is its characteristic feature. For comparison I would use the concept of "stadium effect." When something interesting happens at the gate on the field of an overcrowded stadium, the first row of fans rises in order to see better. Other rows rise after it. And everyone sees as poorly as before. Before this at least everyone sat, but now people are forced to stand.

That is why the race of prices and income is dangerous: It worsens the economic situation. The chief things that we need today are economically substantiated prices corresponding in their level and structure to the value of goods and elastically changing on the heels of the movement of supply and demand.

K. Mikulskiy:

I think that the exchange of views was quite interesting. It is possible to establish a significant coincidence of views in the fact that it is necessary to approach the study of inflation in a multifaceted manner and to take into consideration all the aspects of this process, especially hidden inflation, not underestimating its negative consequences. Obviously, it is necessary to see in inflation a process, which, although is determined by objective factors to a certain degree, is caused primarily by shortcomings in the economic mechanism and in economic policy. We should think about the adoption of some effective measures for a decisive reduction in inflation so that it may not deform our economic and social life.

Some Conclusions of EKONOMICHESKAYA GAZETA:

For a successful implementation of the radical economic reform, apparently, it is impossible to postpone a frank, calm, and business-like talk about the problems of the inflationary process. This is especially necessary in view of the forthcoming price reform, which will encompass the entire price economy. The theoretical approach will make it possible to find the correct solution in the interests of all society and the population and to avoid the unnecessary hullabaloo, which at times occurs during an examination of the problem of the "fates" of retail prices. The problem of raising or lowering retail food prices should be examined in close connection with the problem of how to eliminate the effect of the accumulated vast surplus masses of money and how to withdraw them from circulation. This problem is highly complex. It is clear that the set of measures to improve money circulation should encompass prices, income, and production and ensure a

restructuring of the economy and its dynamic balance. With a balanced economy and an efficiently operating economic mechanism there is no room for inflation. Of course, this first discussion of the problem within the narrow circle of specialist scientists could not give specific formulas for action, nor did we strive for this. However, we hope that the reader received a great deal of information for thought and that the basis for a further discussion was laid down.

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Wider Dissemination of Economic Information, Statistics Urged

18200293a Moscow *SOTSIALISTICHESKAYA
INDUSTRIYA* in Russian 12 Aug 88 p 1

[Article by V. Shishkin, member, Soviet Association of Political Sciences and candidate of juridical sciences, under "The Course of the 19th Party Conference" rubric: "For Everyone to Know Everything"]

[Text] *A worker elected as a deputy, even to the Supreme Soviet, is not as well informed as a staff employee of this Soviet who is involved on a daily basis with collecting and processing different sorts of official information. This is because it is the bureaucratic apparatus itself which makes the rules by which information flows are distributed. Many of the people who addressed the 19th All-Union CPSU Conference convincingly proved this in their speeches.*

The understanding, condescending smiles, the picturesque lifting of the hands in helpless dismay in response to the so-called primitive question of the "simple" man, the references to "the highest" interests—who among us has not witnessed such scenes in meetings with directors, on open-letter days etc. One gets the impression that possessing certain information is synonymous with having real power, and that a new elite—INFOCRATS—has come upon the scene. And this is precisely the term by which those who have sole access to this or that information would like to be referred.

I am not referring to cases and events containing information related to state secrets. No, the infocrats' secrets were of another stripe: infant mortality in the union republics, the number of hooligans, drunks and prostitutes in Moscow, Leningrad, Odessa and other cities, the prices on mass-demand goods overseas, our wage levels, the cost of a liter of spirits or a Volga automobile, the salary earned by a minister and secretary of a Komsomol raykom and so on, and so forth. It would be easier to list the items which are not hidden from public scrutiny. And all this is well understood, both here and abroad. Western information agencies have been scandalized by the present all-purifying wave of truth, and a number of "voices" have not yet managed to clear their throats of this bitter, but restorative, water.

The era of glasnost, which heralds our country's entrance into a new mode of civilization and into the worldwide infosphere, in much the manner of a component of Vernadskiy's noosphere, is providing our society with a new mode of thinking and a new consciousness based on our citizens' understanding of their rights to information. Thus, the period of restructuring is affirming human worth and arousing every citizen's sense of responsibility. However, our society has thus far taken only a few steps along the path towards moral progress. The shackles of anti-information can still be heard clanking on the legs of socialist man.

Public thinking is recognizing the connection between democracy and economic development on ever-deeper levels. We have found democracy unable to gain a proper foothold in production, since workers have hitherto had no opportunity to have an influence on working out a strategy for the economic development of enterprises, on worker selection, on the manner in which funds are expended or on mutual relations between main administrations and ministries.

Half-true truncated information has overflowed from above downwards. Statistical data obtained from below and used as feedback has been slanted in the needed direction, since this approach makes it possible to receive illegal bonuses and undeserved awards and titles.

How have industry's interests been, and how are they presently being, defended? By applying legal remedies to enterprises and their component organizations, and by levying sanctions for failing to meet quotas and obligations. Prior to now it was thought that this would have the most dynamic and tangible effect on economic relations. However, normal relations can exist only where both parties are equal, and where sanctions can be applied not only from above downwards, but from below upwards as well.

Do enterprises and organizations presently have the right to make ministerial subdivisions answerable? The truth is, six months after adoption of the USSR Law of State Enterprises, even the USSR State Board of Arbitration has not responded to such appeals from plants. Up to now, ministry quotas for deductions from profits, which the ministries use to vigorously replenish subsidized enterprises instead of restructuring their production profiles, remain a mysterious secret to mere mortals.

Not a single sectorial ministry has published the amount of fines paid for failing to execute contracts. And this is understandable: these figures can immediately reveal the lack of initiative of many administrative workers. This is precisely what explains the desire to conceal the situation, to keep important information from public view and to attempt to throw out cases of violations of obligations stemming from the administrative methods discussed earlier.

Feeble wavelets of data from Goskomstat [State Committee on Statistics] are lapping onto the shores of public opinion. They concern the fact that every seventh enterprise in the country receives financial injections, and that the debts of kolkhozes and sovkhoses equal almost one-fourth of the annual national income, with Gosgromrom clearly expressing the wish that they be written off.

Democratization of the economy necessitates democratization of the information-disseminating processes. Otherwise, no new solutions will be found to the problems related to state, sectorial and regional planning, there will be no changeover to qualitative rather than quantitative economic growth, and our citizens will not participate directly in managing the affairs of society and the labor collectives.

The processes of the politicization of life which began after April 1985 were only possible because all workers were able to obtain trustworthy information. This, too, is what guided the 19th All-Union CPSU Conference, wherein provision was made in the resolution "About Glasnost" for securing, constitutionally, the rights of the citizens of the USSR to information. This is also what will define the rights and responsibilities of the state and its officials vis-a-vis putting the principles of glasnost into effect.

Present-day economic prose doubtless places society before the need to devise up and employ a new information mechanism which is open to all citizens. How is this to be done? It is up to the scientists and practical workers to answer this question in the near future. Be that as it may, each citizen has the right to obtain accurate, reliable, meaningful and constantly updated information. The conditions for access to any information should provide stable feedback between the consumer and the state organs providing generally meaningful and local information from within a production facility.

I propose specifically that exhaustive data be published in the press, and first, conceivably that which concerns certain sectorial ministries whose activities are drawing serious criticism from society. They include Minvodkhoz [Ministry of Land Reclamation and Water Resources], Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building], Minlegprom [Ministry of Light Industry], Mintorg [Ministry of Trade] etc. It is time to put a stop to the mute allocation of colossal amounts of moneys taken from our collective pocket by the tax system and the 10-to-100-fold increase of retail prices for individual categories of goods over the cost to produce them. Then, any literate person will be able to take a pencil in his hand and figure out what is profitable for him and his family—and simultaneously for the state.

My second suggestion is closely linked to removing the very foundation of the well-to-do and unsupervised life of the ministries and departments. The overwhelming

majority of countries finance large-scale projects only after the people submitting these proposals argue for them in the parliamentary or congressional commissions in well-reasoned fashion, extracting every mark, pound or dollar, as it were, with their teeth. Here, our ministries obtain the money to satisfy excessive ambitions from the state budget, i.e., from the national pocket. If these moneys were used more reasonably, there would be more than enough to step up production of consumer goods as well as to raise wages, stipends and pensions considerably.

Depriving the ministries and departments of specific-purpose centralized financing (which was also discussed at the Conference) may be one of the bitter, albeit necessary, social pills which will bring the national economy to a state of health. Moreover, we would do well in this epoch of glasnost to regularly publish information on the assets earned by ministries and departments from deductions from enterprises and organizations and allocated to superior administrative organs.

The USSR Supreme Soviet could, within the framework of the people's new political power, organize a public committee for social justice and glasnost, which could veto any insufficiently studied plan, or else bring the "plans of the century" to a halt if they are to be financed by "cunning" methods of any sort, and would have the right to suggest that any director who has shown evidence of professional or moral bankruptcy be dismissed from his post.

This could put the plank of the people's exactingness before those incompetent, sluggish directors, sycophantic specialists and certain trade union leaders who are unwilling to, or incapable of, defending the state's, i.e., the people's interests, or of throwing off the blinders of departmental prejudice.

This is precisely the way, which provides legal and moral protection for the right of society and of individual citizens to obtain complete, objective and timely information as proposed in the resolution "About Glasnost", which can bring about a harmonious confluence of the social, economic and political interests of citizens and the legal socialist state

The more truth, the greater the people's trust—is the most important slogan of the past. It continues to excite the minds and hearts of the conference and holds the key to solving socio-economic and political problems.

Editorial Comment:

We invite our readers to continue discussing the questions posed in this article. How, in your opinion, can each citizen secure the right to obtain full and trustworthy information concerning any question of public life which

does not constitute a state or military secret? How well have the workers in your labor collective, city, oblast or republic been provided with information concerning the state of affairs?

12659

Reforms Held Back by 'Gross Output' Indicator
18200271 Moscow SOVETSKAYA ROSSIYA in
Russian 29 Jul 88 p 2

[Article by V. Shilov: "Self-Deception, Engendered by Gross Output Psychology"]

[Text] In response to one of my publications, V. Vilin, a Sochi construction engineer, sent a quarrelsome letter to the editorial board:

"Here you are, complaining that the obligations for supplies are always lower than the plans for sales volume. But this is natural! It will be this way as long as the enterprises and ministries, the raykoms and obkoms are oriented toward gross output. After all, the 'growth rates' are nothing more than indicators of the very 'famous gross output' with which we have been refusing to have anything to do, within my memory, for thirty years now, and which nevertheless rules our economic system. We cannot correct the matter with any appeals for 'greater efficiency.' The gross output must be revoked as a capital-forming indicator."

He goes on to cite specific examples of when the pursuit of gross tons and rubles increases expenditures, but does not achieve the end national economic and social goals. I could also cite many similar examples and facts, since I have had to write about them for many years. But what has changed? Gross output, as V.L. Vilin correctly notes, "runs the dance." Why does it turn out this way? Let us reflect on this a little. We say: facts are obstinate things. This axiom is true, however, only when there are people prepared to reckon with the obstinacy of facts. How long have we lacked and indeed sometimes even now lack the readiness and ability to deal with economic and vital realities!

In conformance with the subject of our conversation, a topic from practical work in journalism comes to mind. In the middle of November 1977, an article was published in three issues of PRAVDA with, it would appear, a neutral heading: "Improving the Economic Mechanism." In the usual generally known images, it showed the imaginary nature of our economic achievements as the results of extravagant spending and double counting. The ruinous nature of the gross output criteria was exposed by using paradoxical examples and absorbing facts. In a few weeks the newspaper had received over 2000 responses, letters and articles from major businessmen, economists and scholars, which in many ways supplemented and developed the publication. The newspaper, however, was able to print no more than ten of the articles received. The command came from the directing

authorities. "That's enough of exciting the public with harmful discussions!" What is characteristic in this situation? No one could reproach the editorial board for lack of authenticity and distortion of facts. They simply did not want to reckon with them.

An inexact economic measurer is like a faulty compass that leads us astray and throws us off course. The goal of socialist production is the fullest satisfaction of public and personal needs with the least expenditures. In fact, however, each economic director and each minister tried by any means to increase the monetary gross product, because the more funds and resources spent and the more expensive the output—the larger the wage fund. For the sake of this, the producers were prepared to issue iron buttons, lay gold bricks in walls that nobody needed, carry freight by the longest route, wall up construction sites, count the same machine twice, increase the prices and approximate the report.

Practically every postwar decade gave birth to reforms directed toward increasing the efficiency of the economic system and toward subordinating production to programmed social-political goals. In the 1950's, we were enlightened by the idea of the sovnarkhozes. In the 1960's we began to set up production and all-union associations and tried to evaluate work, not according to gross production, but according to the products sold. At the end of the 1970's, the priority of contractual deliveries was revealed. While believing ourselves to be dialecticians, in practice we proved to be elementary metaphysicists. We proclaimed each new reform as an economic panacea, and replaced the cult of one indicator with another, whereas the entire system of criteria needed updating. Time passed, and the euphoria of hopes would end with the next crisis for the growing expectations.

One general conformity to principle can be traced in all the economic reforms: they were all directed toward overcoming the gross output approach. Every time, however, the reformers found themselves, in the end, in the position of Sisyphus, at the foot of the very same mountain. Why? Well, because they wanted to achieve a change without changing anything in the essence of the economic system. All the reforms preserved the expenditure indices of the economic growth rate, the wage fund was determined for the cost volume of the output and the procedure for allotting material resources per million rubles of goods produced was retained. In the last analysis, it was found that the gross, sold and commodity output were essentially "twin sisters" who smother the best intentions of the economic reformers in their embraces. Although the cult of the ruble gross output was publicly debunked, it remains, as before, the gray cardinal of our economic system. This was very convincingly shown in the book, just issued at Politizdat, by D. Valovyy, scholar and publicist, "Ekonomika v chelovecheskom izmerenii" [Economics in Human Measurement].

What is the topic? the fact that in the third year of restructuring, at all production levels, planning according to the principle of "what has been achieved" is preserved. The country's gross national product constitutes almost 1400 billion rubles a year. Merely maintaining this level, not to mention increasing the growth rates, is possible only through the same means by which it was achieved in the period of primarily extensive development, that is, with the aid of the very same twists of cost volumes through double counting, raising prices and progressively worse squandering.

As is known, in the process of developing specialization cooperation in producing the objects of labor, before they enter into operation as finished items, as for example machines, with respect to technology they pass through five or even more enterprises. Everywhere their cost is included as an increasing sum in the volume of goods produced. According to the scientifically substantiated estimations made by Professor D. Valovyy, the totals of the double counting constitute over 39 percent of the gross national product. In other words, "puffed up gross output" consisted of over 540 billion rubles, only 2.5 percent less than our national income. Economists "found" double counting to be quite an easy method of achieving "high" results for production activity and the personal and collective material and moral advantages accompanying them.

How impatient we are sometimes in the desire to experience the specific results of restructuring a little more quickly! As soon as the first shoots appear, some people predict an abundant harvest. Look at what a situation we have: the rates and profits increase, but the goods have hardly arrived at the store counters, and the shortage of resources and equipment is unabated. The data from RSFSR Goskomstat on the output of consumer goods give curious food for thought. The light and textile industries, after obtaining the planned profit, nevertheless undersupplied commerce by hundreds of millions of rubles worth of goods. The shortage of the most important goods has become even more acute. Where does the profit come from?

It comes from increasing the output of goods according to contractual retail prices, which exceed the amount of the average prices formed by a factor of 1.5-4. Last year this brought the producers, all in all, over 270 million rubles additional profit. At present the practice of contractual retail prices is considerably expanding. The output of such commodities increased by a factor of 1.3-2.5 in six months. The sectors of the light industry achieved, as it were, the desired growth rates of 5.5 percent largely because of this. After all, though, at the same time the output of goods in mass demand (that is, the less expensive ones) was reduced by 6 percent!

Moreover—according to the data of Gostorginspekt-siya—the volumes of rejected and reduced-grade products are increasing. Indeed, why try especially hard, if you can raise the prices and give the planned rates,

increase the wage fund and obtain additional profit. Such trends are observed today in many sectors of industry. The machine building enterprises increased the general product output by 7 percent and overfulfilled the plan for profit, but...owed the consumers 714 million rubles worth of products. An obvious and alerting trend is that cost accounting is strengthening its position primarily through a rise in prices. The charm and insidiousness of gross output under today's conditions are contained in this. Metallurgists achieve "fair," that is higher, prices for metal products and machine builders hasten to raise prices for equipment. In the last analysis, the additional profit for both of them will go for reciprocal covering of the increased material and technical needs.

Then who needs the race for rubles? First of all, Gosplan and the ministries, in order not to allow the reductions in rates into the reports, but to increase them as compared with the level of cost volumes achieved. Otherwise, there will be no acceleration gained. This self-deceptive method operates as before. That is why the twisting of the gross output continues. In this, incidentally, lies one of the fundamental reasons for Gosplan and the ministries, despite the Law on the State Enterprise and common sense, including everything possible in the state order, right down to manufacture of the technological fittings for intrashop needs, and when even it is insufficient, they simply establish a gross output without a product list: as you wish, but give us the monetary volume! Why do the enterprises of the light industry so zealously replace an assortment with a more expensive one? Because the monetary volume of production established for it is much higher than the actual cost of all the goods that they produce.

Of course, the directors and councils of work collectives of the enterprises could, from now on, on completely legal bases, overcome the attraction of gross output, which is excluded from the evaluative indicators of their work, and totally switch over to concern for contractual deliveries. Nothing of the sort! Not only the ministries, but also the local party and soviet bodies are extremely interested in an increase in the volumes of commodity (gross) output, since they are the ones who answer for the territorial and sectorial rates, determined by the commodity base.

No matter how much we proclaimed the economic independence of the enterprise, today any director will not be "on principle" to damage relations with the departmental system, in whose hands remain the funds for resources, and this means economic power as well. It is no less difficult for an economist to ignore the persistent requests of the gorkom or obkom. Finally, we will be blunt, the directors themselves are, to a considerable extent, not interested in increasing the natural volumes, but in inflating the monetary volumes of commodity output since the efficiency indicators and amounts of the wage and other incentive funds depend on this, directly or indirectly.

While giving just due to the advantages of the reform begun that are being revealed, it is difficult not to agree with S.Yu. Glazevyy, candidate in economic sciences, who writes:

"The doctrine of accelerating social-economic development, expressed in the growth rate indicators... is blocking the restructuring of the economic structure and the economic mechanism."

What does he have in mind? Already the first steps along the path of cost accounting are increasingly revealing the structural distortions that have formed under the influence of "gross output psychology." It is becoming increasingly clear that the shortages of material-technical resources are by no means engendered by the weakness of the extraction sectors, which have gone into first place in the world, but on the contrary—by the excess of their production. The relative proportion of finished rolled metal constitutes only 70 percent of the steel smelted, while in the developed capitalist countries it is 85-95 percent. In order to produce a ton of paper or cardboard, we waste 5-6 times more wood than Sweden or Finland. Similar examples can be cited from the sphere of petroleum refining, cement production, etc. Gross output psychology—that is the moving force of the expenditure mechanism.

Here is a turning point in the subject: if we reconstruct the national economy on the basis of modern resource-saving technology, most probably we will not need so much steel, round timber, oil, cement, coal.... How will things be, however, with the quantitative indicators and the growth rates from what has been achieved? After all, their dynamics are obviously slowed down, which, from the standpoint of traditional logic, will look like a deterioration in the country's economic situation. Therefore, the system of gross output criteria, like a faulty barometer, completely distorts the actual economic weather. The absurdity of the pursuit of "growth rates," it would appear, is obvious and generally known. Nevertheless, we are continuing the race. How many more faithful servants of His Majesty Gross Output do we have!

It is impossible to construct an intensive economic system on the old foundation of extensiveness. There must be a more decisive transition from volume indicators to indicators of the degree of satisfaction of public needs. Both the directors of USSR Gosplan and economic scholars acknowledge this. But here is the problem: how should the indicator of "public needs" be expressed? In the opinion of some people, at the present stage of intensification it is more expedient to use net output, and to regard fulfillment of contractual obligations strictly as the main evaluative indicator. Others, including the theoreticians of the economic reform that has begun, while realizing that the traditional methods of measurement are inadequate for today's type of economic development, are not yet prepared to give a scientifically substantiated method.

To discontinue the expenditure fly-wheel of gross output and to create another barometer, new in principle, to evaluate the economic weather—that is one of the principal tasks ensuing from the aims of the 19th All-Union Party Conference. The new approaches should be incorporated into the concept of the 13th Five-Year Plan and made specific in the Basic Directions for Economic and Social Development in the Future.

12151

'Cult of Indicators,' Rigid Top to Bottom Planning Criticized

18200259 Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 6, Jun 88
pp 78-86

[Article by I.A. Bakaleynik, candidate of economic sciences, deputy general director of the Vladimir Tractor Plant imeni A.A. Zhdanov Production Association: "Instead of Restructuring, Administrative Fuss"]

[Excerpts] Not only the industry as a whole, but every enterprise separately, is making the transition to new methods of management. An equalization of starting conditions has not been envisaged (and is hardly possible). Therefore, each of them encounters restructuring in a different situation with its set of problems typical in somethings and unique in somethings. What problems did the previous economic mechanism produce and what solutions does the new one offer? We will try to find answers to this question in the history of our association.

The plant gave its first output in 1945, but presently operating production capacities were formed basically in the 1960's and had a very high technical level for those times. The automatic and flow lines installed in shops ensured the mastering of mass production of a family of low-capacity diesels with air cooling for a wide range of tractors and other machines and units. In the country's national economy and on foreign markets the association is also represented by the T-25A Vladimirets tractor, which, owing to its efficiency and reliability, has acquired a good reputation among consumers.

However, the formation of prerequisites for the future crisis, which resulted from the nature of administrative-distributive methods of centralized management, began by the end of the 10th Five-Year Plan. The capital, funds, and limits for the renovation of equipment, rise in its technical level, and development of the social sphere were in the hands of a superior organization and, naturally, it assigned these resources for the solution of the most acute current problems, which report indicators "spoiled."

The planning and evaluation of production activity represent the key link of the socialist economic mechanism. However, precisely this link has been affected by restructuring to the smallest degree thus far. The peculiarities,

characteristic features, and shortcomings inherited from the traditional economic mechanism are basically retained. Owing to the special role of planning, the preservation of existing approaches can paralyze and distort both individual elements of the implemented reform and its general direction. The predominance of the old planning mechanism over the new elements of the economic mechanism and of reporting over the real situation, in particular, has led to the fact that the complex and rich concept of "acceleration" is measured and evaluated by the ordinary indicator of rise in rates of growth of gross output and indicators derivative from it. Judging from everything, this substitution fully suits central economic departments, sectorial ministries, and local management bodies, because it makes it possible to pass off as "restructuring" the traditional administrative fuss around monthly plan indicators, which, basically, differs from familiar pictures of the recent past in its higher intensiveness. So to speak, intensification of extensive methods of management occurs.

Apparently, identification of planned nature with centralized planning exclusively "from top to bottom," with the administrative obligatoriness of planned assignments, and with the concentration of all planned solutions at upper levels of management is the initial point of most problems. As a result of such an approach, a distinctive "cult of the indicator" has arisen, which sometimes gathers truly mystical strength and its rites are accompanied not only by incantations, but also by sacrifices. All the attempts to fight against this phenomenon have not yet brought success. It has not been possible to attain a significant reduction in the number of indicators planned for enterprises and associations and both sectorial and territorial management bodies harmoniously ignore their division into approved and calculated ones. Gross output, which was often anathematized and almost brought down from the Olympus of reporting, can serve as a characteristic example of the vitality of this phenomenon.

Many examples of how the "cult of indicators" works could be cited. However, since the press is filled with such kinds of examples, we will limit ourselves to two.

For many years the Lipetsk Starting Engine Plant has been delivering the PD-8 starting engine as an accessory for the D-144 diesel to the Vladimir Tractor Plant. After a simple assembly operation (only two fastening bolts) the starter together with the diesel is sent back—to the Lipetsk Tractor Plant. Our association incurs considerable additional expenditures on transport and loading-unloading operations and tangible losses result from the damage to starters during transportation and unloading. However, all the attempts to solve this problem proved to be in vain. The explanation is quite simple: Having taken the starting engine for a ride from Lipetsk to Vladimir and back, the ministry can include its cost in the report on the volume of gross output three times. If, however, a decision is made on installing the starter

directly during the assembly of the T-40 tractor at the Lipetsk Tractor Plant, both the plan and rates of growth will be threatened—inefficient cooperation "sits" at the "base."

The second example is connected with the reform in foreign trade activity. As is well known, a new procedure of settling accounts for export deliveries has been introduced: Instead of wholesale list prices, contract prices converted through differentiated current coefficients are applied. The new mechanism evokes many questions, but in this case it is a matter of something else. Throughout the Ministry of Tractor and Agricultural Machine Building contract prices (with due regard for differentiated currency coefficients) proved to be much higher than wholesale prices, which enabled a number of associations and enterprises to receive additional proceeds and profit. It would seem, "what else"? In fact, there was an increase in the volume of sales and commodity output in current prices. However, the activity of economic bodies today is evaluated according to the plan fulfillment and rates of growth in gross output, that is, in the constant prices of 1982. And then after considerable efforts on the part of the staff engaged in ordinary affairs an "explanation" of the USSR Gosplan and the USSR State Committee for Statistics springs up, which makes it possible to include the difference between contract and wholesale prices in the report on gross output. There are rates of growth, but what about acceleration?

The described situation can be considered a harmless incident, which cannot be said about the tendency as a whole. The new chase after rates (read—after gross output) leads to a repetition of old mistakes. In the face of the need to fulfill the monthly plan problems of structural transformations, strengthening of the "rears" of technical progress and social and economic development, and elimination of disproportions and lag in auxiliary economy and the infrastructure are postponed until better times. The attempt to undertake something in this direction can lead to a temporary lowering of current report indicators and under the conditions of increased demands few economic managers can permit themselves this. For example, how to restore the repair service and systems of preventive maintenance of equipment if in current reports this will be reflected with a decrease in labor productivity and increase in expenditures on production?

Why did the policy of acceleration turn our national economy into a chase after gross output? Not least because the reporting system that has remained without changes does not have criteria of intensification and of restructuring and methods of measuring our advancement toward new goals. Economic science is not ready for the sharp turning point, "but a holy place is never vacant." Some people do not want so much to attain a result more quickly as to demonstrate it in an accessible and comparable form. Precisely such simple and visual methods of measuring virtue, which, on the basis of the results of each report period, make it possible to give an evaluation

to every ministry, main administration, rayon, and enterprise and to determine advanced and lagging workers—to praise the former and to criticize the latter—are inherent in administrative management and in an administratively organized competition. The trouble lies only in the fact that, as noted at the 27th CPSU Congress, such evaluations lead the economy on a ruinous extensive path.

In the restructuring of planning big hopes are pinned on the normative method, but the **normatives and methods of their application proposed today can hardly be considered a significant step forward.** They are built into the traditional planning scheme and, therefore, are adapted to it, losing their "normativeness" in large measure. At the same time, the main idea—planning in terms of the attained level and the "base"—is retained. If normatives are incremental, as in the mechanism of formation of wage, material incentive, and other incentive funds under the conditions of the 1984-1985 economic experiment, the determining effect of the "base" appears in an obvious form. If normatives are absolute, as in profit distribution under self-financing conditions, differentiated, more accurately individual, normatives are necessarily determined on the basis of existing proportions and plan indicators and, in essence, differ little from the latter.

In an attempt to make planning "more normative" central departments expand the list of normatives, not always taking into consideration their economic meaning. For example, normatives of metal intensiveness of commodity output declining throughout years have appeared during this five-year plan. Toward what do enterprises direct these normatives? Toward overstating prices, manipulating the structure of the production program, and developing inefficient cooperation. Let us recall the case of the Lipetsk starting engine. The Vladimir Tractor Plant will now hardly strive for a change in the technology and transfer of the operation involved in installing the starter to the Lipetsk Tractor Plant, because in this case the volume of commodity output will be lowered and metal consumption (in contrast to production costs, metal expenditure is taken into account once) will remain at the previous level.

One of the most debatable questions in the restructuring of the economic mechanism is the following: What forces can implement the envisaged radical changes, retaining their direction and meaning? Can the attempts to realize the reform by means of the existing mechanism of management, which, in fact, the reform should break, be successful? It is well known that managerial structures possess their own internal stability and are capable of counteracting the attempts on their integrity with sufficient effectiveness. There is no doubt that today there are many signs of this phenomenon.

It seems that the Gosplan and sectorial ministries will be able to give up the old approaches and to successfully fulfill their new functions not only if, along with the

limitation of the right to interfere in the current economic activity of enterprises and associations envisaged by the Law on the Socialist Enterprise, they will also be relieved of the responsibility for the current results of their work. As long as this does not exist, the flywheel of "acceleration" twists old nuts. Personnel, who are the strongest professionally and personally, as before, are concentrated in subdivisions in charge of production affairs. The chief of a main administration daily controls the production and shipment of products in a detailed nomenclature. The height of competence is to know what part holds back the assembly conveyor and for what reason and when the repair of the machine tool, which determined the results of past days, will be completed.

The way out of the situation is seen in a systematic realization of measures for the democratization of planning and an actual expansion of the rights of associations and enterprises in this area. As long as planning remains a "street with one-way traffic," **we should approach the problems of increase in the responsibility of the basic link in a more balanced way.** In a number of cases the steps taken in this direction do not so much force enterprises to choose the most efficient variants of development as they increase the sensitivity of their budget to the errors of superior economic management bodies and to the strong-willed decisions of local authorities.

The decisions adopted in 1986 virtually removed all the restrictions on the amounts of economic sanctions directed at the material incentive fund. For example, penalties for an untimely payment of bills are fully replaced from the material incentive fund, which can lead to a loss of this fund for several years in advance. Meanwhile, with the existing regulation of economic activity an enterprise is often deprived of the possibility of taking measures to prevent insolvency and sometimes is completely "guilty without guilt." Such a case occurred with the association in the same year of 1986, when the USSR Gosplan and the USSR Bank for Financing Capital Investments for some higher reasons delayed the coordination of the name list of large technological equipment in the Ministry of Tractor and Agricultural Machine Building. In connection with the absence of this document for 6 months the city office of the Bank for Financing Capital Investments did not make a payment for the automatic lines for a new shop received at the association. When, finally, the payment for the bills was made, the office imposed penalties amounting to more than 900,000 rubles and they had to be compensated from the material incentive fund. To make the consequences clearer, we will specify that this was approximately one-third of the planned amount of the fund for 1987.

The loss of the material incentive fund led primarily to a paralysis of intraproduction cost accounting and socialist competition, that is, tools on which it would be possible to lean in work on stabilizing the financial status of the enterprise. Not receiving bonuses for the basic results of their activity, foremen of production sections

will reduce their activity, or maybe leave completely. In the final analysis, the result of imposing stricter sanctions beyond the limits of the sensible, most probably, will prove to be opposite to what is expected.

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11439

INVESTMENT, PRICES, BUDGET, FINANCE

New Price Reform Mechanism Advocated

18200265a Moscow IZVESTIYA AKADEMII NAUK
SSSR: SERIYA EKONOMICHESKAYA in Russian
No 3, May-Jun 88 (signed to press 19 Apr 88) pp 45-56

[Article by Yu.V. Borozdin: "Problems of the Radical Reform of the Price System"]

[Text] *The article analyzes the existing practice and methodology of price setting and sets forth a principally new approach to the reform of the system of prices and price setting. It considers the sequence of measures for intercoordinated restructuring of retail, procurement and wholesale prices and substantiates the mechanism for the formation of contractual prices.*

The modern period of the development of Soviet economics is characterized by a multitude of problems, the main one of which is a deep and radical restructuring of the system of management of the economy and the entire economic mechanism. The June (1987) Plenum of the CPSU Central Committee developed an integrated concept of the radical reform of the economic management system, including such important elements as planning, material and technical supply, price setting, financing and credit, and the wage system.

The creation of an economic mechanism of a new type that is oriented mainly toward the utilization of economic methods of management is an unusually complicated process and not simply because we must still work out these methods and learn to use them at all levels of economic management but also because they have to be mastered under economically difficult conditions when inflation tendencies are being manifested openly.

Even quite recently all measures in the area of prices and price setting were conducted on the basis of the principle of bringing the prices as close as possible to socially necessary expenditures of labor. At the same time a good deal was said about increasing the role of prices in the stimulation of scientific and technical progress and the efficient utilization of production resources, about economy and thriftiness, and so forth. The policy in the area of prices for products for production and technical purposes and consumer goods were clearly distinguished from one another—in the former case it was directed toward the need to reflect as fully as possible in prices the

changing conditions for the production and sale of products, which in practice was reflected in a consistent orientation of prices toward the growing production outlays; in the latter case, it was directed toward maintaining a stable price level for consumer goods and services. Even the very formulation of the different goals in conducting a price policy with respect to individual kinds of products within a generally intercoordinated system of wholesale, procurement and retail prices and rates shows the subjectivistic, arbitrary approach to price setting and the attempt to use administrative methods to retain a price system that does not reflect the real economic processes.

The growth of inflation tendencies each year led to a greater lack of coordination between fiscal-substantial and value proportions in the national economy. Prices of means of production, although with a certain delay, still followed the growing amounts of noncash money in circulation, at the same time stimulating a new spiral of subsequent growth. In 1967 there was an intensive process of growth of wholesale and procurement prices as well as estimated prices and rates in construction. Among the especially large measures of recent years in the area of price setting one should include the revisions of wholesale prices in industry in 1982, procurement prices for agricultural products in 1983, and estimated prices and rates in construction in 1984.

It is important to note that all the price revisions in the past 20 years were conducted according to a strictly cost schema—with an increase in production cost in the branches that utilize nature there were increases in prices for natural raw material which subsequently, if this were followed along the technological chain, led to an increase in expenditures and prices for products in all other branches. The cost model of the price (production cost plus normative profit) is organically inherent in the cost economic mechanism that is based on command-administrative methods of management, gross indicators, and planning from the level that has been achieved. It is typical of this to equate expenditures and results and therefore any increase in expenditures in the national economy and the cost estimate of the products without respect to their consumer effect was regarded not as a negative process but rather as an economic good. Accounting for the cost of the added product and the price was also subjected to the cost schema, for profit in prices of concrete items was determined in percentages of the production cost or various modifications of this.

The faults of cost price setting, like those of the cost management mechanism as a whole has been subjected to especially serious criticism in recent years. There is no need to return to this again but still I should like to draw attention to one circumstance—having the price follow in the wake of production expenditures leads into a blind alley where we cannot resolve our extremely complicated economic problems but rather on the contrary—maintaining the "cost" methodology of price setting can only exacerbate the stagnant condition of the economy.

In a real commodity-monetary economy prices perform their real economic role only when they are one of the active levers in balancing supply and demand. When this principle is ignored one cannot break out of the vicious circle of "expenditures-prices." Now, as in 1967 and later in 1982, essentially one and the same picture is forming—growth of expenditures and, consequently, the production of products of the fuel and raw material complex at a loss or with little profit leads to increased prices and then through the price production ties this growth proceeds through all the other branches and returns again to the fuel and raw material complex, but a new and higher level, requiring a new price reform. It is not surprising therefore that these same problems which were resolved during the process of the last large price revisions in 1967 and 1982 have now appeared again. These include losses in the coal industry and an extremely low level of profitability in certain other branches of the extraction industry, clear distortions in the ratios between prices for products of branches and industry that utilize nature and processing branches, the unjustifiable lack of uniformity in profitability, the indifference of prices to the requirements of scientific and technical progress, the weak interest of enterprises in economizing and saving on resources and, conversely, the desire to increase prices by all and any means, and so forth.

It is impossible to solve these problems while retaining the old content and methods of work on price setting.

The price policy for consumer goods and services for the population for more than 20 years was based on the principle of maintaining price stability and economically substantiated reduction of prices as the corresponding commodity resources were created and production outlays were reduced. But because of the developing inflation this principle could not be adhered to consistently. While retaining the same level of prices for certain necessary food products there was an active process of concealed growth of prices by means of "eroding" the inexpensive assortment of industrial goods, increasing the average price of purchases, and increasing prices to a greater degree than the qualitative parameters improved. The shortage of supplies on the consumer goods market increased, which was manifested in an increase in the overall and structural imbalance between the consumer demand of the population and the supply of goods and paid services.

At the same time during all these years there was a political orientation toward maintaining stable retail prices which with an active policy of growth of nominal monetary incomes of the population should have led to an adequate increase of real income and a rise of the standard of living. But in practice this did not take place since the concealed growth of prices partially absorbed the effect of the increased nominal incomes and the fact that supply was falling further and further behind demand brought about a number of other negative

phenomena—a reduction of the buying power of the ruble, an enlivenment of the second (black market) economy, growth of the scale of speculation, and so forth.

At the same time there was an increased deformation of the entire system of prices—the level of retail prices for many food commodities was lower than the level of wholesale and procurement prices, which each year led to an increase in state subsidies, the amount of which at the present time has exceeded 73 billion rubles a year for making up for the difference between procurement and retail prices for agricultural products and providing for deliveries of technical equipment and mineral fertilizers under so-called beneficial conditions.

All this was the result of not taking a comprehensive approach to the intercoordinated price system and ignoring the real economic laws.

The task of conducting the general reform of prices in the national economy set at the 27th CPSU Congress and comprehensively discussed in the decisions of the June (1987) Plenum of the CPSU Central Committee envisions a radical intercoordinated restructuring of all kinds of prices—wholesale, procurement, and retail. What is the goal of the reform? The content and methods of work for revising prices and rates in all branches of the national economy will depend largely on the answer to this major question.

Up until this point the proclaimed goal of all the partial reforms of the price system has been more complete reflection and prices of socially necessary expenditures of labor (ONZT). Since by ONZT our price-setting practice, remaining essentially a cost practice, has always meant the average branch cost of the manufacturer product, the goal of any reform conducted up until the present time has been reduced to an orientation of new prices to the level of current production outlays that had developed by the time of the revision. Thus the goal was transformed into the principle of price setting which could be realized without any special labor in any sphere of price setting and isolation—wholesale prices for industrial products, procurement prices, rates for transportation and communications services or in estimated prices and rates in construction. It is no accident that the sequence of all the work for preparing the new price lists continued strictly in the direction from prices in the base and fuel and raw material branches of industry to prices for intermediate products of the processing branches and then to wholesale prices for the final product. In the economic mechanism where physical relations predominate and prices perform essentially only an accounting function for measuring current production expenditures this methodology for determining prices is natural and predictable. For prices here are necessary only for generalized value measurements of the cost type; but they exert no real influence on the course of the reproduction process, the evaluation of the effectiveness of economic measures, or the comparison of expenditures and results.

The situation has now changed radically. The economic mechanism of the new type, which is based on economic methods, requires the creation of the corresponding economic instruments that replaced the command-administrative management levers. In addition to prices these include normatives of payments for resources and distribution of profit, norms for amortization and bank interest, normatives of profitability and growth of the wage fund depending on the growth of labor productivity, the amounts of fine sanctions and bonus payments for the results of economic activity, and so forth. This system of economic regulators is intended to combine the interests of the society, the collective, and the individual worker and is directed toward achieving the greatest results with the least expenditures. It is the supporting framework that makes it possible actually to realize the principle of economic independence of the basic production unit, which is manifested first and foremost in the fact that they draw up and realize their own current and long-range plans for their production activity. Only thus is it possible to change over from the administrative system of the plan-directive to the economic system of the plan-order. In this system the prices are no longer assigned administratively, from above; they can be formed only in direct relations between the producer and the consumer, that is, they can be essentially contractual prices that balance supply and demand. If the prices for most of the products and services in the list of many millions of items are assigned exogenically and not in direct or mediated contractual relations between the producers and the consumers, it is impossible to count on disassembling the command-administrative system of management. But before changing over to such a mechanism for self-adjustment of the economic system and a certain amount of autoregulation using the entire totality of economic instruments, it is necessary to conduct a number of radical measures in the management of the economy.

Among these measures one should undoubtedly include the overall reform of the system of prices and price setting. And, as distinct from all the previous improvements of individual kinds of prices, the current reform should be conducted according to a principally new schema—from prices for the final product (retail prices) to prices for products of the processing branches and from these to prices for the initial raw and processed materials. Herein lies the reproduction approach to price setting as, incidentally, also to the organization of the entire system of economic management under the conditions of the functioning of real commodity and monetary relations. But these relations are a typical indicator of the existence of a socialist market with the laws inherent in it, the main one of which is the striving for a condition of balance.

An unbalanced market, where supply is not equal to demand, shows a disproportionality in the development of the national economy and, consequently, a reduction of the effectiveness of the functioning of the economic system. It is under precisely such conditions that our

economy has developed for many years. Shortage is typical of the market not only of consumer goods, but also of means of production although the latter, strictly speaking, is not a market, for here the system of funded, card distribution prevails. It is even more inexplicable why with the immense volumes of production of products of many extraction and processing branches, which significantly exceeds the volumes of output of analogous products in other economically developed countries, there is constantly a shortage. Among the economically highly developed countries our country has the greatest volumes of extraction and production of petroleum, coal, gas, steel, rolled metal, cement, mineral fertilizers, machine tools, tractors, combines, and so forth, but the shortage of these kinds of products remains. And here it is not simply a matter of the physical imbalance between resources and needs—such an imbalance could be overcome in the plan, but in real economic life it cannot be eliminated until the physical assignments in the system of “production—distribution—consumption” is replaced by economic relations of buying and selling for their own earned money with the existence of prices that balance supply and demand.

If the resources for enterprises are allotted from above according to an order-schedule, and means of production are not purchased on the market for their own money, they will always be inadequate for the amounts of orders now being submitted for resources are not actually limited by the enterprise's own financial capabilities. It is rather on the contrary, if the sums are allotted the financial resources for them in one way or another will be granted. But until there are real cost-accounting monetary relations between contracting agents in exchange with accounts for the necessary products using their own money, the shortage will remain. In turn, the existence of economically substantiated prices that balance supply and demand on the socialist market should be considered a prerequisite for cost accounting.

The distribution of the state plan-order among the various branches, associations and enterprises should take place using economic regulators that provide for interest in fulfilling it. Among these regulators prices play a most important role. Therefore the establishment of prices for the key, structure-determining goods is the prerogative of the highest economic management agencies which when substantiating the price levels proceed from the macro-indicators of the development of the national economy formed in the plan and the necessary structural changes and the investment policy as well as the planned condition of the market. At the same time they determine the influence of these prices on cost accounting of branches, productions and also individual associations and enterprises. The prices for the key commodities included in the state plan-order should create an additional material interest for the enterprises contending for fulfilling this order. Another most important condition is the joint development of global characteristics of the plan, control figures, and prices for key commodities of the national economic plans are to

provide for balance of physical-substantial and value proportions. This approach on the whole can be regarded as the vertical segment of national economic planning where state regulation of price setting processes is decisive.

At the same time in the current economic activity of associations and enterprises that are operating according to principles of cost accounting and establishing horizontal production ties among themselves, a decisive role is being assumed by contractual relations and, correspondingly, contractual prices. The random nature of these ties and relations should be completely eliminated not only because the enterprises function directly under the planned influence of the state and their production program is to a greater or lesser degree subject to the fulfillment of state orders, but also because the horizontal relations themselves are formed only with the utilization of economic regulators and the entire set of rules of economic behavior that are established by the state.

There should be two criteria for the level of contractual prices: first, the prices for the key commodities around which prices for the other goods fluctuate in one way or another and, second, the maximum value of profitability for the manufacturer (for example, the dual normative of profitability) which can be established by the state. Moreover, the manufacturing enterprise when concluding an economic agreement must offer the consumer of these products all the necessary calculation materials and above all the calculation on the basis of which they have formed the proposed level of the contractual price. In the event of differences of opinion regarding the level of the contractual price the arbitrator should be the state price inspection team which can function both centrally and locally. But under the conditions of narrow object specialization of many enterprises of the processing branches it is extremely probably that there will be monopolistic tendencies, including when establishing contractual prices, that is, a dictatorship of the manufacturers. How does one fight against this?

At first, before economic regulators became widespread, particularly the mechanism for progressive taxation on extra profit, it will be necessary to utilize levers of administrative influence from the arsenal of command economics. Where enterprises whose prices are always increasing it is necessary to establish the maximum permissible level of profitability and to transfer profit received in excess of this into the budget. But subsequently the main role should be played by economic normatives—payments made by the enterprises for production resources that are utilized according to unified rates that are stable for the five-year plan and progressive scales for taxation of above-normative profit. It is the latter that should motivate the enterprises to be oriented toward the optimum level of contractual prices, which precludes the desire to sharply increase them since this will in no way affect the economic well-being of these enterprises.

There is another aspect of no small importance that lies on a somewhat different plane—the ratio between the price level and consumer demand. The capabilities of the consumers to pay one contractual price or another depend practically entirely on their financial resources or, to put it simply, on whether or not they have the money. Today the situation in the production sphere is such that the channels to monetary circulation have been filled mainly by credit money. In the accounts of many enterprises they are accumulating surplus, inflation money which is not covered by commodities but at the same time enables these enterprises to accept the level of contractual prices proposed by the manufacturer. Therefore it would be expedient to have a partial reform in the area of noncash monetary circulation for removing surplus monetary funds that are not backed up by commodity supply, which would improve the financial condition of the economy. Perhaps there is even some point in using such a reform to bring about by the beginning of the next five-year plan a certain deficit of consumer demand in the production sphere so as to motivate the manufacturing enterprises not only to actively search for consumers for their products, but also to reduce prices. This is especially crucial for branches of the machine-building complex where specific conditions have developed for rapid growth of expenditures when updating the list of products that are produced.

On the one hand, scientific and technical progress undoubtedly requires rapid structural changes in favor of new and the latest technical equipment and technology. This is manifested in a constant increase in the output of machine tools with numerical program control, processing centers, robots and robotized complexes, microprocessors, flexible production systems, and so forth. On the other hand, it is precisely in machine building that the situation is becoming increasingly apparent wherein the increase in expenditures and prices is outstripping the increase in the effect realized in the sphere of the application of this latest technical equipment.

Yet the cost practice of price setting not only does not reveal these negative aspects, but helps to mask them and in a number of cases creates the illusion that machines, instruments and equipment are becoming less expensive. As an example one can recall the general revision of wholesale prices for machine-building products of 1 January 1973, as a result of which there is a 14-percent reduction of prices on the revised lists. The reduction took place mainly for those kinds of products whose actual profitability at the time of the revision was higher than the normative. But it was precisely these products that were hastily removed from production and replaced by new and more costly ones. Therefore there was no real reduction of prices for consumers of machine-building products and, on the contrary, the increase in prices continued, which is shown by the dynamics of the average wholesale prices.

If one considers the dynamics of the average prices in machine building, they are increasing in practically all branches, although at different rates. The prices are

increasing most rapidly in machine tool building, tractor and agricultural machine building, the automotive industry, and instrument building. And this increase is far from always justified by a corresponding increase in the useful effect of the new kinds of technical equipment. As a result, instead of a savings on public labor and funds there are direct national economic losses. As an example, we can point out the ratio in the price levels and useful effects of agricultural equipment—Niva, Kolos, and Don-1500 combines. If the price of the Niva is taken as 1, the price of the Kolos will be 1.36 and the Don-1500 combine—3.81. At the same time the ratios of the useful effect will be different, namely 1; 1.24; and 2.25.

The practice of setting the prices for products sold to agriculture has for a long time had in its arsenal the so-called system of two price lists—unified wholesale prices for agriculture and wholesale prices for industry. This means that many kinds of industrial products that come to the agricultural consumers have two prices—one, as a rule, is higher for the manufacturing plant and the other, lower one, is for agriculture. What does this tell us?

First of all, that these products are ineffective for the society for the difference in prices shows the amount of national economy losses from their production and sales. These losses are covered by subsidies from the budget that amount to several billion rubles a year. It is curious that in this situation the economic interests of the manufacturers (industry) and the consumers (agriculture) are basically observed since the manufacturing plants receive for their products a price that reimburses them for production outlays and provides as a minimum the normative profit, and the consumers (kolkhozes and sovkhozes) acquire these products at lower prices, which create the possibility of obtaining the normative effect from their utilization. But the losses for the national economy expressed in the sum of several billion rubles for reimbursement for price differences can be covered only at the expense of some other, highly effective productions. And so it turns out that the establishment of beneficial prices for industry, which provides conditions for its profitable operation, create only the illusion of effectiveness while in reality there are direct national economic losses.

However the matter is not limited to the large shortcomings in the system of price relations between industry and agriculture. The methodology and practice of determining procurement prices for agricultural products suffer from fundamental mistakes. It is not only that they are constructed on a strictly cost basis. Here as in no other price sphere the principle of individualization of prices through their so-called zonal and intrazonal differentiation is widespread. As a result, we have dozens of prices at various levels for each of the basic products of animal husbandry and crop growing, and these prices make up for actual expenditures on their production which have arisen in individual zones, regions, and even

concrete farms. Moreover, for farms with low profitability or that are operating at a loss increments to the procurement prices are established, thus rectifying the financial situation of these farms.

What problems should be solve by this kind of price setting? First of all the problem of interest in production of the product that is directly established for the agricultural enterprises. And if the farms, say, of Pskov Oblast have received a plan for producing wheat, the established procurement price reimburses them for expenditures and provides for obtaining a certain amount of profit. This price, of course, is much higher than the level of procurement prices for wheat in the Kuban, Kazakhstan, or the Ukraine, but the question of the socially allowable price level for wheat for the national economy is not even raised here. For with this methodology individual prices are established in keeping with individual expenditures only because one raises the problem of increasing the production of agricultural products everywhere where they can be produced.

As a result, prices in general cease to be an economic barometer of the effectiveness of expenditures and they not only are not a criterion for evaluation of what is advantageous and what is not, but rather on the contrary they distort the real evaluations of effective management for the production of this same wheat in the northern regions can be more profitable than its production in the southern ones. Therefore it is extremely necessary to have a radical change in the methodology for performing procurement prices.

The point of departure here should be the determination of the level of procurement prices depending on the level of retail prices for the corresponding goods produced from agricultural raw material. Here the tendencies toward change of procurement prices are determined not by the dynamics of the expenditures on the production of agricultural products but by the tendencies toward change of retail prices. An attempt to take into account the increased cost of industrial output consumed by agriculture at the level of procurement prices in order thus to "prompt" a subsequent change in retail prices as well is a remnant of the purely cost approach which brings about a wave-like increase in prices that does not resolve any economic problems.

The only point of departure in determining procurement prices should be retail prices, and this means that one must initially construct a system of these retail prices whereby there is a balance in the market of consumer goods. Procurement prices, in turn, not only should be at a lower level than retail prices but should be the same for the basic commercial kinds of agricultural products or, in any case, should have a minimal differentiation according to consolidated zones. Only then can procurement prices be a criterion for efficient specialization of agricultural production, and a comparison of the level of individual expenditures of farms with these prices will simply solve the problem of the degree of advantage or

disadvantage of the production of one kind of agricultural product or another. Significant differentiation of retail and procurement prices is permissible only with respect to products that have local sales markets.

And so price setting whose major principle is reimbursement for individual expenditures, in our opinion, does not correspond to the tasks of the radical reform of economic management.

Returning to the example of the agricultural equipment, only the prices for agriculture can be considered economically justified for they reflect the actual level of effectiveness of this technical equipment and thus establish the amount of socially necessary expenditures for its production. This amount is less than the actual expenditures at agricultural machine-building plants and therefore there arises the fundamental question of what is to happen to these enterprises.

Up until recently the very statement of such a problem was simply impossible. For our economic theory considered that socialism establishes direct social relations based on universal planning whereby the economic well-being of any production is guaranteed by the state. The situation has now changed. The Law on the State Enterprise (Association) has established a principle whereby the state is not responsible for the commitments of enterprises and the enterprises are not responsible for the commitments of the state, or other enterprises, organizations or institutions either. Under these conditions the question of ineffective productions acquires not theoretical but purely practical significance—from declaring such enterprises bankrupt with subsequent disbanding and sale of property to the development and implementation of a complex of measures for bringing them out of their economic failure, for example, granting long-term credit for the implementation of programs for technical reequipment and reconstruction for purposes of ultimately reducing production outlays to the socially necessary level. It is clear, however, that in this range of possible economic solutions one must not utilize only the policy of deliberate camouflaging of ineffective management—with the help of beneficial prices, nonreimbursable budget financing, or any other economic devices. And if one retains the practice of individual prices for ineffective productions and also envisions in these prices profit that is sufficient for self-financing, then to speak of changing over to economic methods of management under these conditions means to distort their very essence as well as the content of all the work for the radical reform of the economic management system.

Yet there is every reason to assume that price-setting agencies, while retaining the inflexible cost methodology for determining prices when conducting the overall reform of the price system, realize precisely this approach while they should be acting to the contrary—constructing a system of prices that balance supply and demand in the national economy; but whether all branches, associations and enterprises can operate with

these prices under conditions of self-financing will be shown only by comparing production expenditures with the existing level of equal prices. Herein lies the essence of the anticost mechanism for price setting.

But how does one carry out a changeover to such a price mechanism in practice?

The changeover to it, as we have already noted, is possible, in the first place, on the basis of a clear-cut separation of the sphere of centralized price setting for key goods within the framework of the five-year national economic plan where one forms the basic macro-indicators and achieves a correspondence between the physical-substantial and value proportions of the plan and, in the second place, extensive determination of contractual prices for all the rest of the products. And here it is difficult to overestimate the significance of wholesale trade in means of production, which should be the primary function of material and technical supply agencies.

The task of the trade intermediary between the manufacturer and consumer cannot be reduced merely to delivering products from one to the other. Trade in means of production is a mandatory and major attribute of the market for means of production which is going through the initial stage of its development. It is the Gosnab agencies that should control the basic parameters of this market—supply, demand, and prices. Their role will be qualitatively different from that of today's system of car distribution. The trade intermediary is an effective linking unit between the manufacturer and the consumer; he studies the degree of the real consumer demand in the market of means of production and forms it, he produces the corresponding order in the production sphere, he renders direct and indirect assistance for the formation of prices in economic contracts, and he himself functions on a cost-accounting basis under conditions of self-recoupment and self-financing through trade profit that is included in the contractual price. Relations of trade mediation in the system of the organization of material and technical supply are only beginning to be created and here, it seems to us, it is important to devote special attention to trade in means of production that are in short supply. It is the supply agencies that should determine the effective consumer demand and supply, contribute to establishing differentiated prices for the various spheres of application of products that are in short supply, and thus form an efficient structure for the production and consumption of means of production.

But if the market for means of production in our country is still experiencing the very initial period of its establishment, the same cannot be said about the market for consumer goods. Here, to be sure, there are also elements of the card system in trade in certain food and industrial goods. But the basic characteristics of the market are still quite clearly manifested.

What is the real condition of the market for consumer goods? Perhaps its main characteristic today is a lack of balance and a greater or lesser shortage of many goods, and this decisive determines the tendency toward increase in retail prices. The fact that demand exceeds supply shows the inflationary nature of the development of the economy but with a certain peculiarity. This peculiarity consists in that the prices do not act as an automatic regulator for bringing supply in line with demand. The practice of administrative price setting makes it possible to exercise rigid control over prices for necessities, maintaining them at a stable level for many years, particularly for goods of a stable assortment with unchanging consumer qualities. This pertains first and foremost to goods of the food group where with a significant and, in a number of cases, growing shortage, state retail prices have not changed for decades. Many economists and sociologists still consider this policy correct and regard it as one of the achievements of socialism in our country that provides for a stable level of consumption by all segments of the population of the basic food products and industrial consumer goods. It would be possible to agree with this only if the market for consumer goods had no deficit. But in practice there is a deficit and therefore the real structure of consumption by various social groups of the population is significantly deformed. Under these conditions the relatively low state retail prices for many food products and especially goods of the meat and dairy group not only do not fulfill their social function—providing for approximately equal conditions for consumption by all income groups of the population—but rather on the contrary—they relatively worsen the material well-being of the low-income groups and increase that of those with high incomes.

Thus statistical data from budget investigations show that the price of 1 kg of meat for low-income groups of consumers is higher than for high-income groups by a factor of approximately 1.5. Why does this happen? Mainly because the high-income groups of the population live mainly in large industrial, cultural and scientific centers or in regions with difficult working conditions where there is beneficial state supply of food products. Under the conditions of a shortage, that is, when demand exceeds supply, this deformed structure of consumption is legitimate for the goods that are in short supply go to those who are in the store at the time they are being sold. A predictable consequence of a shortage is a decline of the buying power of the ruble, which is manifested, in particular, in its different buying power in individual regions of the country, and also speculation and so forth.

Thus existing state retail prices for foodstuffs when there is a chronic shortage of them do not resolve either economic or social problems any more—they only increase the strain on the consumer goods market and deform the level of real consumption in favor of high-income groups of consumers and also create exceptional possibilities of bringing in unearned incomes.

What can be done to rectify this state of affairs?

There are two paths to a fundamental solution to this problem. The first consists in changing over to the card system of distribution of the basic foodstuffs, above all commodities of the meat and dairy group. It is clear that we are speaking about an essential limitation of the market of consumer goods and putting a large group of goods outside of it. This path means implementing a policy toward curtailing commodity and monetary relations and changing over, in the final analysis, to the strictly administrative model of the economy of the 1930's. To proceed along this path means to recognize as erroneous the course toward conducting a radical economic reform that was developed by the 27th CPSU Congress and the June (1987) Plenum of the CPSU Central Committee. But this is not all. For it is important to answer the question of the country's future socioeconomic development with the restoration of methods of administrative management and physical relations in all phases of public production. And these prospects, it seems to us, look far from bright. Our own experience in economic development under these conditions has led to the largest negative consequences in all spheres of social life, which we have not yet overcome. So would it be worthwhile to exacerbate the situation even at the price of a short-term rectification of certain deformations of the consumer goods market through introducing the card system? For undermining the material incentives for effective labor is the main reason for the stagnation and the pre-crisis condition in which our economy has ended up.

The second path is directly opposite—arranging normal relations for buying and selling consumer goods on a balanced, nondeficit market, where prices are formed which balance supply and demand. If we proceed along this path we must proceed from two realities: first, the insignificant possibilities of solving the problem of increasing the supply of consumer goods and above all foodstuffs to the level of consumer demand in the next 3-5 years; second, the impossibility of reducing consumer demand during this same period to the level of the supply of commodities, for in order to do this it would be necessary to reduce or at least freeze the monetary incomes of many groups of the population.

This means that retail prices must play the major role in bringing consumer goods closer to a condition of balance on the market. This also predetermines the direction for the radical reform of retail prices, as a result of which it is necessary to increase prices for the food groups of commodities and retain the prices for industrial goods basically at the same level. Is it possible as a result of this to achieve at least a static economic balance on the consumer goods market?

It is possible, but only under one condition: if the increase in retail prices is not compensated for, that is, there must not be an increase in the monetary incomes of

the population. And although such a radical solution is dictated by the present condition of the economy, it will apparently be impossible to implement it because of sociopolitical factors.

Consequently, the reform of retail prices should proceed simultaneously with the reform of monetary incomes of the population or with the creation of a system of compensatory additional payments to existing monetary incomes. This problem has not been sufficiently investigated and there are even fewer practical developments here. Perhaps only one thing is clear—to envision compensatory payments to the population in the same volume as the amount of increase of retail prices is impossible for this will not lead to solving the main problem—bringing the consumer goods market closer to a condition of balance, and will only shift today's problems to a higher price level and give impetus to another burst of the inflation spiral. Therefore the economically dictated method is the differentiated approach to the problem of maintaining the standard of living for various income groups of the population.

There is a fundamental possibility of maintaining or even somewhat raising the standard of living of low-income segments of the population through increasing their income by a greater amount than the retail prices will increase. This, however, could change the structure of consumption of the given group of population in favor of nonfood commodities but on the whole this tendency can be regarded as favorable.

The middle-income groups of consumers can be given compensation in the same amount as the level of price increases, and for the high-income groups the compensation can be symbolic or else it could not be given at all. This approach means, of course, a step in the direction of equalizing incomes of the population with all the consequences that ensue from this. But this is a necessary measure. Subsequently it will be necessary to create a mechanism for flexible formation of incomes and prices in keeping with the principles of a balanced economy. It is necessary to remove all restrictions from the upper level of income and make it dependent only on the results of labor. The formation of prices for the key goods should be included in the five-year plan and for all the remaining list of many millions—in the system of contractual relations between manufacturers and consumers.

Thus the solution to many problems of the radical reform of the price system is possible not only as a result of a one-time revision of wholesale, procurement and retail prices, but mainly the creation of a principally new price-setting mechanism that is appropriate for the socialist market and corresponds to the system of management that is now being created in the Soviet economy.

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Financial, Price Changes Needed to Heal 'Sick Economy'

18200278a Moscow NEDELYA in Russian No 28,
11-17 Jul 88 p 2

[Interview by Nadezhna Golovkova with Doctor of Economic Sciences Professor Yevgeniy Grigoryevich Yasin under the rubric "Topical Interview": "The Worth of the Ruble—Doctor of Economic Sciences Professor Yevgeniy Yasin Reflects on the Financial Revival of the Domestic Economy"]

[Text] [Question] It is bad when a person has no money. It is much worse when a whole state doesn't have enough: it concludes in an economic crisis. It is thus no accident that the USSR Ministry of Finance [Minfin] has become the most popular of all ministries of late. It is true that you don't envy this popularity—everyone is always cursing them! Enterprises complain to Minfin that the economic standards developed for them do not provide an incentive for labor productivity. The cooperatives groan that taxes are cutting away at their roots. Its multitudinous instructions just deprive business people of independence. Bitter words were addressed to the ministry at the 19th All-Union Party Conference...

[Answer] And that is natural, since our economy is seriously ill. Is Minfin to blame for this illness? Only partially. That is, namely that part in which the financial system is part of the framework of the old mechanism of economic operation. Everything is joined together in that mechanism. And it would be naive to think that some part of it could be taken out, even be it the financial system, and quickly reworked so that everything would go smoothly. The process of restructuring economic management is complex and painful. Today Minfin is patching holes that were formed over many years. It is thankless work, and all the bigwigs are coming down on it too.

[Question] But as is well known, you can't mend a beggar's coat. A new one must be made. What kind? How should the new financial system look if the current one doesn't satisfy anyone?

[Answer] First let's look at why the old financial system is not satisfactory. The essence of it is that a strictly individual amount of profits is planned for each individual enterprise that must be obtained, and how much of that is to be given over to the budget is indicated. That which remains for the enterprise is also strictly allotted: how much money can be spent and for what.

Your plan includes the construction of residential housing? This means that you are allotted so much brick, so many lavatory pans, so many door locks. Oh, you got some profits beyond the plan and you want to redesign a shop with that money? But where will you get the equipment if funds for acquiring it were not allocated for

you? And in general, we must still have a look at where this extra profit came from! The products are going for a high price? We'll take the extra from you and give it to those who suffer from low prices. That is how equilibrium was sought.

The mission of the financial system was to collect money in the treasury and through the redistribution of that money to neutralize all shortcomings in the mechanism of economic operation. But after all, a financial system should have quite a different aim—to orient industry toward raising the efficiency of production so that those goods that are needed in the amount needed with minimal spending are put out rather than goods "in general." This principle was defined by the resolutions of the June (1987) Plenum of the CPSU Central Committee, which envisaged the development of a system of taxation in the form of economic standards.

Whereas earlier income and deductions to the budget were determined proceeding from the specific individual features of each separate enterprise, that is, planning was adapted to those specific features, today the financial system should force enterprises to move toward some general requirements. Budget receipts from enterprises will be formed principally from three types of payments: payments for resources, turnover taxes and profits taxes (or income taxes—depending on the model of economic accountability [khozrashchet] selected). The purpose of taxes on production and labor and on natural resources is to push managers to make rational use of equipment and people in production and of nature.

We have been saying for many years that the land is free here, water is free, the minerals belong to everyone. An enterprise, hiring a worker, felt that it settled with him entirely through wages. And the fact that the state was paying for his equipment, professional training and social welfare was not taken into account. As a result, the enterprises had no vital vested interest in the utilization of personnel along with natural and production resources to the greatest effect, with full return.

The role of other taxes is to orient consumption and link the receipt of money to the budget with its coverage in kind. Other taxes are also possible. The main thing, however, is not how many of them there will be in all, but the fact that they will not be targeted, that is, not individual. All should be subordinate to general rules and unified stable standards. Earlier the ministries literally fell upon Minfin, each explaining his own difficulties: this enterprise could make only this and at such and such a price, and it could not make that at all. And this meant, they said, that the profits will be such and the deductions such. And no more. And Minfin had to investigate the particulars with each. Take this one in hand and not that one. Holes appeared in the budget as a result that could only be filled at the expense of the less loud-mouthed. Today, with the change in the fundamental approach to payments to the budget, the situation should change.

[Question] Exceptions, then, are impossible with firm and uniform standards for all?

[Answer] They are possible. But not for specific enterprises, but rather for specific matters. You may get tax benefits because the state feels it essential to develop, say, the production of consumer goods. Or stimulate spending on science.

[Question] Five sectors have been working under the new system for a year and a half already. It would seem that the economic standards being employed here should provide incentives for initiative and operational independence. But we are receiving letters in which people complain that the new standards have struck a blow against earnings and are hindering labor productivity. What is going on?

[Answer] I don't think everyone is complaining, but rather just the workers of the enterprises of four ministries of the five. And their anger needs to be directed against their own managers. Minkhimmash [Ministry of Chemical and Petroleum Machine Building], for example, has only gained from the innovations. I'll explain why. It is always more difficult to be first, of course. Moreover, the five-year plan was adopted with all of the financial indicators allocated in the old way: capital investment, the size of profits and incentive funds individually for each enterprise. In this situation, they should have resolved to develop a unified system of payments that would have been common to all enterprises and not deviate very much from the targets of the five-year plan.

Only Minkhimmash resolved to do this. The deputy general director of the Sumy NPO [Scientific Production Association] imeni M.V. Frunze, Vladimir Petrovich Moskalenko, and USSR Academy of Sciences corresponding member Pavel Grigoryevich Bunich undertook to develop rules for sector enterprises that would eliminate targeted indicators. It could be disputed how good they are, but they are general rules, and it has been proven that their application is possible. All of the remaining ministries—Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems], Minlegprom [Ministry of Light Industry], Minavtoprom [Ministry of the Automotive Industry] and Minneftekhimprom [Ministry of the Petroleum Refining and Petrochemical Industry]—took the path of least resistance: they again determined the standards for deductions to the budget for each enterprise separately, broken down by years. They essentially adapted the old methods to the new mechanism of economic operation. And the mechanism does not work.

[Question] Yevgeniy Grigoryevich, the majority of industrial enterprises went over to complete economic accountability and self-financing as of the beginning of this year anyway. And so? Did they take stock of these expenses?

[Answer] Not at all! Inertia gained the upper hand here. Battles are underway today so that the next group of sectors to go over to economic accountability starting in 1989 will take into account the experience of defeat and reject individual standards. But the ministries are resisting: while the prices are the old ones, they say, when there is no wholesale trade yet, it is impossible to establish a unified system of standards. But Minkhim-mash was able to do it...

[Question] The necessity of developing a program of financial revival for the national economy was discussed at the June Plenum of the CPSU Central Committee. What does it include aside from the system of taxes?

[Answer] I have not seen that program. Furthermore, even the discussions of it are going on in somewhat muffled fashion, there is no discussion of open debate as yet. I fear that the program will not be radical enough. Moreover, in my opinion, there is nothing more important to the fate of economic reform than this program. And nothing more difficult.

The new system of economic operation should rely on economic methods of management. But in order for them to gather force, a material and financial balance is essential, that is, the quantity of money in circulation should correspond to the goods and resources that comprise its material coverage. We have received a hard legacy from the administrative system—a most serious disruption of this balance, as testified to by shortage. More precisely, a shortage of all goods, but not of money. Each citizen individually, of course, feels that he does not have enough money. But take any enterprise—its director has not yet been thinking about where to get money for the construction of, say, residential housing. He knows it is difficult to get equipment, building materials and sewage pipe, well, the ministry will allocate money to him.

Matters are changing today: money must be earned under economic accountability. But the complexity of today's situation—the delegates to the party conference were talking about that—is the fact that, having earned money, you still cannot buy either equipment or the needed materials. There is not enough of them. These rubles that have been earned could be paid out to people as bonuses, but they will take those rubles to the store. And they "don't have any" there either. The ruble loses its worth if nothing can be bought with it. The replacement of the rationed distribution of resources with wholesale trade, flexible pricing and much more are needed to reinforce it.

But in order to move forward in this direction, expenses must be cut first and foremost: they must be brought into accordance with the actual capabilities of the country.

[Question] But isn't Minfin doing that? It's not for nothing that they say "Everybody paddles for himself." But after all, that way they cut the independence of the enterprises.

[Answer] Over 70 percent of national income has been distributed through the state budget in recent years—so there are grounds to speak thus...

[Question] And what is the "percentage" for a healthy economy?

[Answer] It is normal when the budget is no more than half collected from the enterprises for redistribution. If less—in Japan, for example, it is 30-40 percent—then it is very good. By the way, the first economic act of the Reagan administration was tax reductions. The share of funds that remains for the firms to develop production increases thereby. If we are discussing expanding the independence of our enterprises, these appeals must be reinforced by granting them real opportunities for freedom of maneuver.

I suppose that the misfortune is not that Minfin takes so much away, but rather the generosity with which it then spends this money. This generosity perhaps borders on extravagance.

[Question] The financial workers will prove like two and two is four that every ruble is accounted for. And far from everything depends on them anyway. There is Gosplan, the Council of Ministers, the Central Committee and other high-level organizations that make decisions and command Minfin to provide financing for this construction project or that social measure.

[Answer] There is a grain of truth in that. But Minfin should have its own will. If a decision is made that is insufficiently well-founded on a financial plane, they must oppose it. As far as I remember, not a single minister of finance has ever been retired because a foolish decision was made. Take, for example, the construction of the tractor plant in Yelabuga—this is money down the drain. We have the largest tractor inventory in the world already, and the harvests, alas, do not increase from it. And the BAM [Baikal-Amur Mainline]? We drove in the "golden" spike and forgot about it. Of course, it is too late to say whether or not this "construction project of the century" should have been started or not. But today, when we do not have petroleum money, when the sale of vodka has been reduced, maybe BAM is too great a luxury for us? Maybe it would be worth playing for time in the assimilation zone? Or here is another example of squandering. I was speaking with some coal miners recently. They have unbroken problems: the whole sector is losing money. Nowhere in the world do they extract coal from seams 60 centimeters thick. But they have a state order—100 percent—and additional targets as well. And they meet these targets

with lignite from the Moscow Basin. The state pays major sums for this coal to cover losses. But does lignite need to be produced at all if, as becomes clear, there is no demand for it?

We have unprofitable enterprises in every sector. Such enterprises are 13 percent of the total in industry and construction. More in agriculture. About 20 billion rubles are spent each year for their upkeep. The ministries collect money (through the infamous standards) from those who work well and give them to those who work poorly. This pumping-across mechanism undermines incentives to work better and mainly puts into circulation a new dose of money that aggravates the imbalance in the economy: after all, in giving an unprofitable enterprise a subsidy, we do not receive products according to the applied spending.

It is impossible to arrange a material and financial balance with one hand and drag along the whole baggage of production inefficiency with the other. The unprofitable enterprises must be closed, reconfigured or given over to those who could return them to profitability—even if it is cooperatives in a leasing arrangement. The program of financial revival should be as severe as possible in this sense. We can dispute the time frame for realizing it—three years or six years. But we must firmly define that for the first year, say, unprofitable enterprises will receive 20 billion rubles, 10 in the second, 5 in the third and then 2 billion.

[Question] And then?

[Answer] Then they are not needed. I am convinced that there will always be unprofitable enterprises—this is a normal phenomenon in the vital activity of an economic organism: some cells die off and new ones are born. Natural selection according to the criteria of efficiency is needed.

Some plant directors are hoping that price reform will drag them out of the swamp: raise prices for their goods, they say, and the enterprises will become profitable at once. For the first year, yes. But miracles do not happen. Production losses also “get more expensive,” and if you think that way and act that way, two years later you’ll be back in the vicious circle. The severity of the program of financial revival should thus mean one thing: “There is no money! Live within your means.” Temporary difficulties are possible, and insurance funds are thus needed. That is those two billion rubles.

[Question] And what about the workers, who are not to blame that their director does not know how to organize production? If an enterprise closes, the ministry will transfer the director somewhere, but what about the workers?

[Answer] You have taken the extreme case—closing an enterprise. For such cases—and there will undoubtedly be such cases!—a special program is needed, a whole set

of social-protection measures. But we cannot go to extremes if self-management at the enterprise comes to be done for effect. If the workers’ earnings depend on how the director organizes the work, they will not hang on the words of the minister who assigned the unsuitable manager. They will effect the replacement of the director, and the minister himself.

[Question] Up until now we have been talking about the financial state of industry, and I want to shift the conversation into the channel of worldly problems. People fear price reform. They perceive it unambiguously: the family budget will be threatened. Those forms of compensation that economists are talking about in the press do not bring any enthusiasm.

[Answer] But we will not digress from price reform nonetheless. Today subsidies have practically become the largest spending item in the budget. According to official data, we spend some 73 billion dollars annually in subsidies to retail prices for all products and 30 billion rubles for the upkeep and construction of housing. Such spending is a heavy burden. The subsidies must be eliminated. You ask: how can we live at today’s wages? My opinion is that we must raise wages. Let people earn as much as they can! And let them buy everything!

[Question] But it is namely Minfin that is hindering high wages. It won’t even let cooperatives earn anything, since it is feared that it will cost “stupendous sums” to supply them with goods.

[Answer] Everything is tied together here. And it is not a matter of Minfin alone. You say that there are no goods. There won’t be any if we don’t break the vicious circle. For example, in order to put out more scarce automobiles today, we must build plants. Funds are needed for that? You sell housing! Let people not wait in line for ten years for a free apartment, but rather buy it. And a hole in the budget gets smaller already: those 30 million rubles that went in subsidies for the construction and upkeep of housing could be directed to the construction of plants putting out those same automobiles, or sewing machines or some other scarce goods.

But in calling for a material rise in salaries, pensions, benefits and stipends with a regard for price increases, I also take into account the fact that even he who “plugs” by the sweat of his brow does not always earn his money honestly. Sometimes executives use money to compensate for a low level of organization, poor working conditions, for a lack of development of the social sphere. They are ready to pay as much as you please, the more so as it is not out of their own pocket. We should understand that once we have decided to set up full economic accountability, we must be ready put pressure on it—with both pluses and minuses. The ruble should be earned. This relates both to each person individually and to enterprises and the whole national economy. There is no other way.

Meeting Discusses Price Formation, Specific Proposals Lacking

18200278b Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 29, Jul 88 p 4

[Article by V. Samoylov, economics department chief at the journal KOMMUNIST BELORUSSII, Minsk: "At the Center of Debate—Prices"]

[Text] Everyone is talking about prices at the top of their voices today. Prices are the concentrated expression of quite dynamic processes transpiring in the country, seemingly the face of economic phenomena turned toward us, the consumers. Sometimes this face smiles, and sometimes it frowns. Recently, it seems, it is winking somewhat strangely and mysteriously at us, hiding something unknown. What will they be, prices?

But the situation is clear in principle. Today there is simply no alternative: to carry out a reform of price formation or not? The question is, what kind of reform? Will it be limited to raising prices or will a completely new system of price formation be developed that will stimulate not an increase in spending from year to year, but rather force an economy of everything and be aimed mainly at the utilization of all possible ways and means of reducing prices? In order to investigate these quite complex issues, the participants in the 8th All-Union Expanded Coordinating Conference "Topical Problems of Restructuring in Price Formation and Its Interconnection with the Finance and Credit System and Monetary Circulation" assembled near Minsk. And by the number of participants—over seventy people—and by the breadth of representation—scientific and higher-education academics, sector scientific research organizations and practical economics—the conference undoubtedly represented a force. Only the conference participants did not include those to whom one could address concrete proposals or ideas, who answer for the impending reforms more than others—representatives of USSR Goskomtsen [State Committee on Prices]. True, the conference opened with a short report by BSSR Goskomtsen Chairman S.S. Ling, who, by the way, shed little light on the positions of his department, pressing on instead with the complexities that are associated with the impending, in his opinion, time crunch. The main body of wholesale prices must be reviewed by January of next year, and then retail prices must be taken up. The speaker did not report on the principle of the review.

Repeatedly declaring publicly the necessity of the broadest possible discussion of the impending reform in price formation, USSR Goskomtsen has not as yet made either the broad public or even specialists—pricing scholars, who as yet enjoy just fragmentary information—aware of its concrete plans. That is probably why discussion at the conference proceeded to a certain extent in "abstract," albeit interesting, form.

Having in practice unanimously subjected the position—unfortunately not yet completely elucidated by Goskomtsen itself—to sharp criticism, the conference participants were unable to devise a common platform. This was probably impossible in practice. They argued a great deal. The advocates of a "market economy" were replaced at the podium by defenders of management and planning centralization no less convinced of their own correctness. Some proposed as a temporary and extraordinary measure stabilizing the budget and placing the chief bet on reductions in expenditures. Others tried to convince us that only access to foreign markets and the creation of a convertible ruble would help us achieve the desired progress in the economy.

There was truth to be found in the debate, of course, but I would like to note that the proposed reform in price formation, being one of the many constituent elements of the overall process of economic renewal, should not be artificially singled out from other, unfortunately as yet unsolved, problems. Reform should rely first and foremost on the development of an economic theory of socialism that takes into account the active utilization of money-exchange relations, the development of a whole set of relations of socialist ownership and laws on the state enterprise and cooperative.

At the concluding session, the conference participants, in the face of all of the polarity of opinion, came to the unanimous conclusion that a conventional price reform limited to "tightening up" prices to the expenditures made cannot be carried out under the guise of a radical reform of price formation and a restructuring of the whole "price economy"—wholesale and procurement prices and tariffs.

The scholars proved that the assertions of some economists that an automatic increase in all wholesale prices for capital goods is essential without a definite differentiation and careful substantiation of the steps for such a rise do not take actual economic processes into account. Such practices will lead to a rise in inflationary processes and destabilize the economy. An undifferentiated rise in wholesale prices will moreover not only not facilitate the incorporation of scientific and technical achievements at enterprises, but will also be a brake on progress, sooner stimulating dependent inclinations among some operational managers who, instead of thinking about reducing spending, will take the easier route—increasing prices. In short, there are many complaints, and there were few concrete proposals. And some of the recommendations devised by the conference suffer from a certain vagueness.

Potential Change in Turnover Tax Role Under Price Reform

18200264a Moscow FINANSY SSSR in Russian No 6, Jun 88 (signed to press 16 May 88) pp 15-20

[Article by S.I. Lushin, doctor of economic sciences: "On the Prospects for the Development of the Turnover Tax; A Statement of the Problem." With the articles by S.I. Lushin and Yu.P. Ofman and A.N. Tyutyunik, the editorial staff is continuing the discussion begun in issue No 1 for 1988 concerning the place of the turnover tax in the modern system of cost accounting relations. The journal invites readers to participate in the discussion of this important problem.]

[Text] The restructuring of the financial system includes as an essential element an increase in the role of tax relations, including payments from state enterprises into the budget. Historical experience confirms the high effectiveness of taxes in providing an income base for the budget. The 27th CPSU Congress pointed out the need to improve the practice of imposing turnover taxes, and the decisions of the June (1987) Plenum of the CPSU Central Committee and the Law on the State Enterprise (Association) envision the introduction of profit tax. The restoration of taxes as an active instrument in the financial system presupposes a reevaluation of the existing theoretical stereotypes that deny the possibility of tax relations between the economy and the budget under the conditions of socialism.

The change in economic theory toward the realities of our existence and the recognition of commodity-monetary relations as inherent in socialism and the financial system as the most important means of controlling the economy makes it possible to evaluate in a new way the role of turnover tax and its present condition and prospects for development. Ideas of past years with the turnover tax is not a tax at all but some special form of mobilization of net income or "monetary accumulations" are reflections of utopian views of socialism as a society based on a non-money economy in which taxes are destined to inevitable disappearance. It is known that attempts have been made to abolish taxes on the population and have ended in complete failure, as could have been expected. Tax relations are as objectively inherent in the financial system of socialism as the entire value mechanism is inherent in the socialist economy. The task of financial science is not in denying taxes under socialism but in finding a way of utilizing them more effectively and combining the interests of the society, the enterprise, the labor collective, and the individual worker in the best way. And on this basis they should strengthen the influence of finances on the effectiveness of production, distribution and consumption.

By virtue of its content the turnover tax is basically a variety of indirect taxes and as such comprises a necessary element of the tax system. The significance of indirect taxes for the formation of the state fund of

financial resources is usually correlated with the level of effectiveness of production. The low effectiveness, as a rule, causes a high proportion of indirect taxes.

The role of turnover tax in our country has changed significantly in various periods, both quantitatively and qualitatively. Therefore the overall characteristics of its content, significance, functions, and so forth will inevitably be limited and incomplete. Without getting bogged down in special questions of the history of this complicated payment or an analysis of the changes in its financial "loads," let us note that it is closely connected to the economic situation of one period or another and to the development of the system of prices. During the prewar period when there was an abrupt breakdown of the proportions in the economy, there was a sharp reduction of the proportions of agriculture in the national income and of group B in the industrial output, and there was a significant increase in the volume of turnover tax. Along with the changes in the proportions, this was also influenced by the dynamics of prices. Retail prices during the prewar decade increased severalfold, and procurement and wholesale prices, on the average, increased significantly less. The dynamics of retail prices corresponded to the growth of incomes of the population and was the main factor in achieving balance of the economy during those years. As a result of the breakdown of the proportions and the described movement of prices, the turnover tax became the main method of mobilizing budget income. It amounted to 40 percent of the budget income in 1930, 70 percent in 1935 and 59 percent in 1940. During the time of the war and the first postwar years retail prices increased by a factor of more than 3 and turnover tax in 1970 amounted to 62 percent of the budget income. The utilization of retail prices for balancing supply and demand with the low level of production of consumer goods was a prerequisite for increasing the proportion of turnover tax in the overall volume of monetary accumulations.

The reduction of retail prices in 1948-1953 and their relative stabilization at the end of the 1950's as well as the periodic increase in wholesale prices beginning in 1953 and the repeated increase in wholesale prices in industry led to a decline of the proportion of the turnover tax in the budget income to 31.1 percent in 1980 and 21.8 percent in 1986. During recent years there has also been an absolute decline of the sum of turnover tax. At the same time in 1970 and subsequent years there was a sharp deterioration of the balance of the economy, mainly monetary incomes and expenditures of the population. Subsidies from the state budget reached an unprecedented amount and could almost be compared to turnover tax in terms of the volume. The changes in the processes of distribution and redistribution of monetary incomes of the branches, enterprises and population made the connection between turnover tax and any other part of the newly created value less definite, but, on the other hand, sharply increased its significance as a form of stable income for the state budget.

The new management mechanism, particularly the price reform, also raises the question of the future of the turnover tax as a payment into the budget. Some people express the opinion that the turnover tax has exhausted itself and is unnecessary under the new management conditions. They see in the turnover tax certain special negative features and consider it a symbol of the administrative system of management and so forth. One cannot agree with this. Turnover tax has always been a natural element of this system of the economy and of the proportions and management methods in which it is functioning. It is no better or worse than the entire system of distribution of income that is conditioned by the production and level of its effectiveness. This pertains also to the present.

The expansion of the independence of the enterprises and the changeover to self-financing increase the overall significance of tax relations. This pertains both to direct and to indirect taxes. Each of these kinds of taxes has its own sphere of effectiveness of utilization. Of course the stimulating influence (for an overall growth of income) of direct taxes is considerably greater than that of indirect taxes and therefore their proportion in the budget income should be higher. But indirect taxes are also necessary in the taxation system. They are an independent element that augments direct taxes. The role of indirect taxes can even increase under the conditions of a sharp fluctuation of profitability of branches and enterprises and extensive losses. Therefore it is necessary to have payments into the budget that do not depend on the level of profitability. Of course one should not assume that one can return to the turnover tax its former "power" when it comprised more than half of the budget income. But to stabilize this proportion at the level of 20 percent would be important for the financial system. In order to achieve this it is necessary to reform turnover tax and adapt it to the new management conditions and new financial relations.

The turnover tax is now a dual payment in terms of its functions. First, it is a guaranteed and stable source of budget income, and second it is a regulator of the cost-accounting profitability of individual kinds of products. The first function is linked to the fact that the state budget should systematically and uniformly finance certain needs, for example, expenditures on maintaining educational and public health institutions, payments of pensions and stipends, and so forth. The second function is linked to the fact that the profitability of the production of individual kinds of products fluctuates strongly and increases in certain cases to very high amounts. This situation does not depend on the activity of the enterprises that produce the given product and therefore it is expedient to deduct a certain part of the net income directly into the state budget. It seems that in the future the turnover tax will retain only the first function and the second will gradually disappear. This is related to the fact that a mass changeover to principles of cost accounting and self-financing and the price reform should reduce the losses from business and bring the level of

profitability of enterprises and branches closer together. And the main thing is that they make profitability an indicator that reflects the level of operation of the enterprises. There is no point in equalizing this profitability by introducing a turnover tax, even if it is higher than average. Thus the radical reform of planning and management and the restructuring of the financial system also entail a transformation of the turnover tax.

At the present time the turnover tax is essentially not this, not because it is not a tax but because it is not taken from circulation. It is taken basically from individual concrete kinds of products according to thousands of individual rates. Both in terms of the objects of taxation and in terms of the methods of imposing as the turnover tax is more like an excise tax. Of course this is what it is to a considerable degree, although not completely. But the existing system of formation provides justification for considering it to be completely an excise tax. Therefore it is expedient to single out from the turnover tax that part which is undoubtedly an excise tax (taxation of alcohol, tobacco, jewelry items and so forth), and the remaining volume must be transformed into precisely a turnover tax, that is, it should be imposed not on concrete goods, but on all products of the enterprise in generalized value terms. The change in the object of taxation will correspond to the principles of the new economic management and will contribute to equalizing the profitability of branches, enterprises and individual kinds of products, and it will also make the tax load more uniform for them.

The turnover tax is now imposed for a limited range of products and a tendency has developed for further limiting this range. The earmarked price reform will do more to reduce the volume of the turnover tax. The future of this important payment depends on the object of taxation and the method of exacting the tax. A change in the object will make it possible to significantly expand the number of taxpayers and make its income more stable. The current situation of concentrating the tax on a limited range of products contains elements of risk and unpredictable fluctuations during the formation of budget income.

With the changeover to the new object of taxation it will be necessary to change the method of imposing the tax as well. The majority of the tax is now imposed according to the method of "Differences in Prices." This means that two price lists are established for the corresponding products: wholesale and retail prices. The difference between these prices produces the turnover tax. The close link between the current turnover tax and prices has already been noted. The history of our economy shows that the turnover tax, as a rule, has increased during periods of increase in retail prices. The system of two price lists arose during one of these periods, which occurred during the prewar times. Its prerequisites were the disparity between retail prices and wholesale prices. Retail prices balanced the monetary demand and a limited mass of commodities for the population while

wholesale prices were low because of the stability of prices for agricultural raw material. Actually the turnover tax performs the role of a "substitute" commodity mass under conditions of disproportions that had formed between groups A and B in industry (in 1928 products of Group B amounted to 60.5 percent and in 1940—38.8 percent of the overall volume of industrial production).

The method of "Differences in Prices" is very simple and because of this it is popular among workers of the financial system, but it is not very suitable under the new management conditions. Expansion of the independence of enterprises in determining the volume and assortment of products, studying the sales market, and accounting for the interests of the consumers require direct contacts between the producer and the consumer, including when determining the price level. It is difficult to imagine that contractual prices, for example, could be at two different levels. The coordination of the interests of the producer and the consumer should be manifested first and foremost in determining the price for the products that are being sold. This price should be unified. Through the system of two price lists the demand of the consumers (population) reaches the producer in distorted form. Therefore this system is not promising. The price reform also undermines the basis of the existence of two price lists. Prices for agricultural raw material, apparently, are increasing and the difference between the wholesale and retail prices is decreasing to the amount of trade rebates. Therefore one should not link the destiny of the turnover tax to the system of two price lists. It is necessary to change over to consolidating the rate "from turnover" as the main method of exacting the tax. These rates should be unified as much as possible for the enterprise and branch and should be relatively small. The system of two price lists could be retained for the payments that are actually excise payments.

One of the shortcomings of the system of exacting a tax by the method of "Differences in Prices" consists in the excessively rigid connection between the level of prices and the revenues of the budget. The slightest change in prices is reflected in the tax and any change in the tax requires a change in the price level. The need for mutual coordination has actually led to the immobility of the entire system and to a kind of stability that is certainly not good. Rigidly linked prices and finances are extremely passive and do not exert any kind of appreciable influence on the interests of the enterprise, the structure of demand, and so forth. A clear contradiction has arisen between the mobility of the conditions for the production and sale of goods and their continuous change and the artificial freezing of the financial-price mechanism.

The changeover to imposing the tax according to rates linked to the turnover creates the necessary autonomy both for prices and for finances. One can change the price level without changing the tax rate and, on the other hand, an increase or reduction of the tax rates is

not linked directly to the movement of the price level. The activity of the value levers of management increases significantly and it becomes possible for the enterprises to react rapidly to a change in the conditions for production or the demand of the consumers.

The changeover from "Differences in Prices" to average (unified for the branch) tax rates contributes to the extensive utilization of the normative method as the basis for the new financial policy. For the "Differences in Prices" for each commodity is an individual rate of taxation. There are several thousand of these rates. The individual rates of taxation always lead to a reduction of the interest of the payer in improving production and increasing its profitability. A gradual changeover to group and then, as much as possible, to unified branch tax rates will mean a strengthening of the influence of the financial system on the effectiveness of production.

Of course, within the framework of the value mechanism finances and prices depend on one another and form a certain unity which is manifested also when imposing the turnover tax according to the methods of the rates. A prerequisite for imposing the turnover tax is the establishment of sales prices for the goods. An important question that must be resolved is where to place the tax: within the established price or in excess of it as an addition to it. This depends on the adopted system of management and planning of the economy, particularly the planning of prices. If, at the present time, the predominant part of the prices is established by the planning agencies, the tax rates must be included in the price structure for otherwise there would be a violation of the system of prices which has already been determined on the basis of certain requirements. But in this case the very level of the price should take into account the possibility of paying the tax, that is, there arises a situation that is typical of the cost mechanism of management when the necessary level of profitability is previously included in the planned prices and thus the creation and realization of the net income are guaranteed. If the majority of the prices in the business (including contractual prices) are established by the enterprises themselves on the basis of market relations, the tax can act as an increment to the price, that is, it can increase the sales price of the commodity. With this variant there is a kind of shift of the tax payment to the consumer and there is a direct influence of the tax rate on the price that is actually paid as distinct from the mediated influence with centralized price setting. A gradual expansion of the sphere of market relations, particularly the changeover to wholesale trade in means of production, will create conditions for paying the tax in excess of the price determined by the enterprises.

The appearance on the basis of market relations of competitiveness among enterprises and the aggravation of the sales problem in the future, of course, will change their attitude toward the turnover tax. They will be interested in having the turnover taxes not be discriminatory, so that everyone will be in equal conditions from

the standpoint of the influence of the turnover tax on the price. This will require uniform taxation of the enterprises, as much as possible on the basis of the same moderate rates.

At the present time many disputes are caused by the question of who is to pay the turnover tax. In our opinion, it should be paid by the enterprise or organization whose turnover is subject to taxation. With respect to current conditions this means that the tax is paid by industrial enterprises that create the corresponding commodities. As we know, there are differences of opinion regarding this issue and frequently the opinion is expressed that the turnover tax should be paid in retail trade after the final sale of the commodity, and its payment by industry or wholesale trade means depositing into the budget "illusory" resources, especially if difficulties arise in selling the commodities because of their poor quality. Various problems are mixed up in this statement of the issue. The first is what should be considered to be the final sale of the commodity. The second is how to provide for improvement of the quality of the commodities that are produced. "The final sale" as an economic term has various meanings with respect to the level of the national economy, the branch and the enterprise. For the national economy the final sale is the formation of the funds for consumption, accumulation, and reimbursement (the last only with respect to fixed capital). For the branch this is the sale of products outside the branch. Thus for machine building this will be the release of machines for other branches of industry, agriculture, and so forth. At the level of the national economy and the branches the final sale is a calculated analytical indicator. For the enterprise the final sale is everything that is sold outside the enterprise, "released to the outside." Under the conditions of the development of commodity and monetary relations and the activation of the socialist market it becomes especially clear that the sale by the enterprise of its goods and services is also the final sale for it. For this sale proceeds according to planned or other prices, as a result of which the product receives public recognition and the enterprise receives income that is subject to distribution and redistribution. It is quite natural that the turnover tax should be paid by the enterprise after the sale of the corresponding goods. The enterprise is an independent socialist commodity producer and it bears responsibility to the financial system for the payment of taxes and other payments. In this sense there is no difference between the current turnover tax and the future one with improved methods by which it is exacted.

The poor quality of our commodities, unfortunately, is a sad reality. But what does this have to do with payments of turnover tax? The connection is extremely remote. If trade accepts unsuitable commodities from industry, the current administrative system of planning, the drive for "gross output" and for fulfillment of the plan for commodity turnover is to blame for this. Whether the price of the commodity includes the turnover tax or not—the circumstance does not exert an influence on the quality

of the commodity. It is necessary to take full advantage of the rights of trade and not accept poor or unnecessary goods. The best method of solving this problem is not shifting the payment of the tax to the retail trade network, but consistently developing new economic relations and granting trade the right to select a supplier and industrial enterprises—the right to sell their own products to the population.

If a commodity on which a turnover tax has been paid does not move in retail trade, of course, this creates a disparity between the circulation of money and the circulation of material goods. But this is not a matter of the turnover tax alone. The price for this commodity also contains the paid wages, the profit utilized by industrial and wholesale trade enterprises, and the interest on credit. It was not altogether correct to reduce everything to the turnover tax, forgetting about other kinds of paid incomes that are frozen in unsold commodities. The finance and credit system has limited possibilities of influencing the quality of commodities, and industry and trade have the decisive word here.

In the future the payment of turnover tax by industrial enterprises does not rule out the possibility of it being paid in trade as well in individual concrete cases.

When exacting the turnover tax, like any other tax, one should envision tax breaks, which increases the activity of the financial system in influencing production and solving social problems. But along with the breaks there gradually develops a practice of "dividing up" the turnover tax between the budget and the enterprises. This approach contradicts the essence of the tax whose purpose is exclusively to provide income for the state. People speak of the need to interest enterprises in producing goods that are taxed. This statement of the problem is linked to the current practice of exacting taxes. It is impossible to interest the payers in paying the tax. A tax is a tax, it is not a gift, but a necessary withdrawal of funds for state needs. But, of course, it is necessary to improve the practice of exacting the tax. Expanding the sphere of application of group and unified tax rates will be an important step in this direction.

The proposed expansion of the contingent of taxpayers leads to the so-called multiple taxation. It should be said that in and of itself there is nothing wrong with this. The currently existing single taxation when the turnover tax is paid mainly when consumer goods are produced, is linked to disproportions in the economy and to the fact that the effective demand is greater than the supply of goods. Enterprises and organizations that pay this one-time tax are placed in unequal conditions compared to others. Now they may not notice this but after a certain amount of time they will begin to express their dissatisfaction with this situation. Multiple taxation is a manifestation of economic justice. And prices that produce commodities should participate equally in the formation of budget income through the turnover tax.

The main difficulty with this kind of taxation is the effect of the accumulation of the sum of previously paid taxes in subsequent stages of production and sales of products and also the growth of prices for these products because of factors that do not depend on the producer. One must again pay a tax on the sum of taxes included in the expenditures, that is, again there arises discrimination against certain payers who are closer to the production of the final product in the technological chain in the national economy.

But such difficulties are by no means insurmountable. The theory and practice of taxation have developed devices that make it possible to avoid the accumulation of the sum of taxes paid in preceding stages that are included in the circulation for a specific payer. This is provided, in particular, by the system of tax on added value which is widely used in West European countries.

The tax on added value has a somewhat different object of taxation than the turnover tax. The added value is a part of the overall turnover (sales volume). To determine it one must subtract from the sales volume the cost of the goods purchased from the suppliers. The indicator that is formed is close to our conventional net output.

Such a base for taxation is more stable than the gross turnover or the sales volume. It does not depend on the amount of current expenditures, which can undergo repeated accounting and influence the sum of the turnover tax. One establishes a clearer link between the volume and effectiveness of production and the scale of economic activity of the taxed enterprise and the sum of the tax.

The tax on added value, although it is paid by the commodity producer, is not formally included in the price because it is not taken into account when forming the expenditures of the individual who has purchased the taxed commodity, that is, its influence is limited to one stage of production or sales, it cannot be shifted to the next purchaser, and so forth. Thus one limits the influence of the tax on the price level and there is a kind of equality of business participants with respect to the tax system, and the price pressure on the final consumer is reduced. One achieves a combination of taxation in all stages of production and sale of the commodity with the real participation of each unit in the payment of the taxes.

Separating the tax from the price is also important for free price setting. Moreover, this is technically very convenient because it makes it possible for the state to receive the tax immediately after the product is sold. Because of the peculiarities of payment each participant pays a tax for the others (when purchasing their goods). There is a periodic comparison of the taxes actually paid by them with the tax which should be paid on the basis of the added value. The difference in the payments is regulated by the financial system and is taken into account when paying the income tax from profit.

The tax rates for added value are unified, as a rule, but they can also vary. There is a system of tax breaks (for exports and so forth). There is also an untaxed minimum which protects small enterprises from taxation. Tax on added value deserves an attempted study, since certain of its features could possibly be utilized in the practice of our financial system.

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REGIONAL DEVELOPMENT

Uzbek CP CC Criticizes Agricultural, Trade, Service Restructuring
18200281a Tashkent PRAVDA VOSTOKA in Russian
9 Jul 88 pp 1, 2

[Unattributed Article: "In the Uzbekistan Communist Party Central Committee; On Urgent Measures for Implementing the Decisions of the 19th All-Union CPSU Conference"]

[Text] The Uzbekistan CP Central Committee has adopted the resolution "On Urgent Measures for Implementing the Decisions of the 19th All-Union CPSU Conference." It notes that the 19th All-Union CPSU Conference has become a major event which has great historical significance for the fate of the country. The conference has reflected a new political atmosphere, a new level of democracy achieved by the party and by all of Soviet society in the period which has elapsed since the April (1985) CPSU Central Committee Plenum. A programmed political position has been worked out on all the basic questions which were the subject of the general party and public discussion based on the Theses of the CPSU Central Committee. The conference gave clear answers to the question of how to ensure the intensification of perestroika and to guarantee its irreversibility, and defined specific tasks for strengthening the role of the party as the political avant-garde of society.

It was pointed out at the conference that perestroika will take on true value in the eyes of the people only when it bears real fruit in the daily life of each family. Particularly stressed was the need for the quickest possible solution to one of the most difficult questions—the food question.

The Uzbek SSR was criticized for stagnation in agriculture. The per capita level of food product consumption, as before, significantly lags behind the all-union indicator. The central and local agencies receive numerous complaints from workers regarding the interruptions in supply of meat-dairy products and fruits and vegetables, and the high market prices.

In the situation which has arisen, the Central Committee Buro considers it necessary to concentrate its main efforts on solving the food problem and to present the development of agriculture as the immediate primary task. Comrades G. Kh. Kadyrov, V. A. Antonov, and I. Kh. Dzhurabekov, with participation of the appropriate republic and local agencies and scientific organizations, have been assigned the task of implementing day-to-day control over the course of realization of the developed measures on increasing production and improving supply of food products to the population. These measures must be based on various forms of contracts and rentals, the creation of a network of cooperatives, and the improvement of transport, processing, storage and sale of farm produce.

The republic's party, Soviet and economic management organs must ensure the harvesting of the farm crop within an abbreviated time and without losses, keeping in mind the fact that the successful implementation of the harvesting campaign is the most important factor in solving the food problem.

A Plenum of the Uzbekistan CP Central Committee must be convened at the end of August of this year to review the question of the course of implementation of the Food Program. The task of preparing the materials for the Plenum will be assigned to comrades V. P. Anishchev, V. A. Antonov, V. I. Ogarek, I. Kh. Dzhurabekov, and I. I. Iskanderov.

Despite the measures which have been taken, there has been no radical breakthrough in the matter of production, expansion of the assortment, or improvement of the quality of consumer goods. Many party and Soviet agencies and economic management organizations are taking their time and exhibiting political shortsightedness. Considering the situation which has arisen in this sector, the Central Committee Buro directs comrades A. S. Ikramov, V. I. Ogarek, and A. R. Atadzhanov, with the participation of managers of the appropriate republic and oblast agencies, to immediately review and outline a set of supplemental measures aimed at increasing the volume and improving the quality of consumer goods, and making broader use of local resources, capacities of the cooperative movement, and individual trade activity. They are also to consolidate all the different measures and plans which exist on this question, compile a unified program, and ensure strict control over its implementation.

Particular attention should be given to the questions raised at the conference in connection with the implementation of radical economic reform. It is proceeding at an extremely slow pace in the republic, and the national economy in many ways is continuing to develop along the extensive path. Plans for increasing the national income and resource conservation, and for the introduction of achievements in national-technical progress, are not being fulfilled. Comrades G. Kh. Kadyrov and I. I. Iskanderov must complete the formulation

of the new economic mechanism. Working together with the ministries and enterprise managers, they must decisively overcome the levelling in the labor wage and sharply intensify the interest of people in attaining better end results.

The situation in capital construction remains complex. The plan for introduction of fixed capital and new production capacities is being undermined. The implementation of the housing program is not being ensured, primarily due to the lagging behind of housing-construction cooperation and the construction of individual housing. The implementation of the social and production program is also inhibited by the lagging behind of the construction industry's material-technical base.

Comrades V. N. Lobko, K. Kh. Makhamadaliyev, I. I. Iskanderov, and T. Ya. Sharipov must once again carefully study the volumes of capital construction for 1989-1990 and seek out additional possibilities for allocating funds and local resources for increasing the construction of housing and facilities in the social sphere, especially in rural areas, as well as funds for the leading development of the material-technical base of the building complex.

Workers continue to complain about the serious shortcomings in the work of the housing-municipal management and city transport, and especially about the interruptions in heat and water supply, the low quality of repair and technical maintenance of housing, and the constant disruptions in operating schedules of buses, trolleys, and streetcars.

Comrade V. N. Lobko, as well as Karakalpak ASSR Council of Ministers Chairman D. S. Yadgarov, the oblsposkom chairmen, UzSSR Minister of Housing and Municipal Services V. K. Mikhaylov, and Tashgospokom Chairman Sh. R. Mirsaidov will be assigned the task of organizing the effective elimination of shortcomings in housing and municipal services and preparing them immediately for normal operation in the fall-winter period of 1988-1989. In a month's time they must review all letters and complaints about municipal and transport services and take measures for drastically improving work in these sectors.

The party committees for organization of trade and consumer services are working without the necessary depth and persistence, and largely in a formal manner. As before, interruptions in the sale of goods in sufficient assortment are allowed in certain regions. Trade does not know how to effectively react to the changes in demand for certain goods. The buying fever on salt, matches, and soap which arose recently in Tashkent illuminated the helplessness of certain Soviet and economic managers in the face of the emerging problems.

As yet we have still been unable to fully activate the material-technical potential of the republic's machine building and agro-industrial complexes and the transport, communication and construction enterprises

toward developing paid consumer services. The public receives 1/8 the amount of public health services, 1/5 the consumer services, and 5/12 of the cultural services as compared with the rational standards. Shoe repair services, repair of major appliances, and dry cleaning services are among those which are difficult to obtain. All this leads to the creation of waiting lines and gives rise to public dissatisfaction.

Over 2,000 population centers in the republic do not have stationary trade enterprises, and 1,500 have no consumer services facilities. One-third of the tailor shops, workshops, and consumer services receiving centers are located in buildings which have been adapted to this purpose. Nevertheless, due to the departmental approaches and negligence of the local Soviet ispolkoms, the consumer services facilities continue to be transferred over to the administrative services.

Comrade V. P. Anishchev, in conjunction with the Ministry of Trade and Uzbekbriyash [not further expanded], must take immediate measures to bring about order in trade. These must include: examining the possibility of expanding its network, seeking out possibilities for uninterrupted supply and timely delivery of goods of sufficient quantity for trade, organizing the necessary work with the labor collectives of the trade enterprises for eliminating waiting lines to buy goods of sufficient grouping. The questions of improving consumer services must be reviewed within the party and Soviet agencies.

Comrades M. Kh. Khalmukhamedov and S. U. Sultanova must be charged with the task of examining and implementing a set of first-priority measures on radically improving the operation of social provision, primarily the institutions of public health and education. They must organize work on bringing to order all the general education schools in the republic by the new school year.

The Commission on Party Control under the Uzbekistan CP Central Committee and the UzSSR Committee on People's Control, working together with the Komsomol, trade union, and other public organizations, must bring about systematic control over the realization of the party's social policy as developed by the 27th CPSU Congress. They must increase the degree of personal answerability of the party, Soviet and economic management organs and their managers for maintaining strict order in the distribution of funds of industrial and food products and their realization, and for fulfilling the established tasks on expanding the production of consumer goods and rendering consumer, municipal and other services to the public.

Comrade P. V. Dogonkin and the first secretaries of the party obkoms must be charged with developing the active work of the delegates to the CPSU 19th All-Union Conference within the primary party organizations and labor collectives for the purpose of bringing its results and decisions to each communist and every republic

resident. For this purpose, they must hold conferences, organize meetings and informal talks of conference delegates with the workers, and give presentations on the pages of the republic and oblast newspapers, on television and radio.

Comrade M. Kh. Khalmukhamedov must effectively organize broad propaganda of party conference materials, making comprehensive use of the means of mass information and propaganda, the lecturer and mass-agitation aktiv, the public organizations, and especially the leaders of culture, literature and art and the members of the artists unions for this purpose. Propaganda and explanation of conference documents must be conducted in direct connection with the current problems of the republic's economic, social and political life.

The Uzbekistan CP Central Committee stresses that the party obkoms, the party organizations, the Karakalpak ASSR Council of Ministers, the oblistpolkoms, Soviet and state agencies, and the public organizations must, without waiting for directives, already now begin active realization of the decisions associated with the solution of the current problems in increasing the public welfare and in meeting the priority demands of the public.

We must direct the organizational and political work of the party organizations toward increasing the labor and socio-political activity of the communists and their avant-garde role in the struggle for perestroika. We must see that every CPSU member is indeed a political fighter of the party, an organizer of the masses in implementing the outlined program of revolutionary transformation of society.

The course of implementation of the current resolution must be examined monthly at the Uzbekistan CP Central Committee Secretariat. Control should be assigned to Central Committee Second Secretary V. P. Anishchev, the party organization work department, and the party control commission.

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Armenian Goskomstat Official on Impact of Strikes on Enterprises

*18200281b Yerevan KOMMUNIST in Russian
16 Jul 88 p 2*

[Interview by Armenpress correspondent with R. Tardzhimanyan, Armenian SSR Goskomstat deputy chairman: "Contrary to Common Sense." First paragraph is source introduction]

[Text] A tense situation has arisen in the republic's economy. Last week, the collectives of many industrial enterprises, construction and other organizations, did not work. As yet, a normal work rhythm has not yet been restored. As a result of the strikes, the work of many enterprises has been paralyzed and the fulfillment of plan assignments is being undermined. Our Armenpress

correspondent addressed Armenian SSR Goskomstat First Deputy Chairman R. Tardzhimanyan with a request to characterize the difficult situation which has arisen.

An especially hard blow, he said, has been dealt to the fulfillment of contract responsibilities. In the past week alone, the plants cooperating with our industrial enterprises have not received products valued at a greater sum than [the shortages] in the first 6 months.

Several tens of thousands of electric motors have not been manufactured, millions of rubles worth of complement products have not been supplied, 800,000 pieces of tricots and 276,000 pairs of shoes were not manufactured, as well as over a million square meters of fabric and many other types of products of industrial and social function. All this has had a great effect on the normal operation of hundreds of other enterprises throughout the country.

Let me cite several examples. The production association "Armelektromash" supplies its products to major enterprises in Krasnodar, Khabarovsk, Ashkhabad, to the Ivanovo Auto Crane Plant, and others. "Armkhimmash" is tied by its deliveries with Kievspetskomplektgas and the "Odessaprodsmash" association. Among the list of the technical equipment plant's consumers are the "Elektroinstrument" Production Association in Rostov-on-Don and the Biysk Boiler Plant. The Leningrad enterprises "Strommashina" and "Stroyrobot," the heavy crane building plant in Odessa, and the "Strommashina" Plant in Tyumen receive products from the "Gidropriwod" Production Association. Condensers manufactured in Leninakan are sent to the "Mogilev-liftmash" and "Samarkandliftmash" plants and the Kiev Test-Experimental Plant. Yerevan electrical motors are sent to the Maykop Reducer Plant, the Kryukov Ventilator Plant, the Georgiyev Armature Plant, and to the "Permzavodtorgmash" enterprise.

As a result of the shortages of various complement products from the Armenian SSR, the Riga "Radio-tekhnik" Association, the Moscow "Rubin" Association, the Minsk "Gorizont" Association, the Leningrad Association imeni Kozitskiy, the Zaporozhye "Iskra" Association, and the Simferopol "Foton" Association are not meeting their plans for the output of a number of varieties of television and radio equipment and other products of cultural-domestic function. This list may go on and on. We ask, why is it that today, because of us, tens of conveyers must stand idle beyond the boundaries of our republic, and workers must suffer material loss?

We must not forget that around 60 percent of the republic's industrial products are today produced at enterprises and associations operating under conditions of full cost accounting and self-financing. Part of them were in a difficult financial position before, and as a result of the strike this position has in fact become hopeless.

The strikes have dealt not only direct losses, but have also seriously disrupted the entire reproductive cycle of work, whose restoration has been extremely hindered.

[Question] Yet there are collectives which have shown conscientiousness and discipline during these days...

[Answer] Yes, it is comforting to see that many understand the futility of the strikes and refute them, continuing to work normally at their enterprises. Even on the most tense day—7 July—most of the workers and employees of the republic's industry, as well as the labor collectives of many other sectors of the national economy, did not leave their work stations. It is characteristic that the work rhythm is disrupted, as a rule, in those organizations where a large number of economic and social difficulties and unsolved problems have accumulated.

[Question] We know that Armenia receives industrial production from all parts of the country, a large portion of which is food products. Could you cite some figures?

[Answer] I will speak about the food products whose deliveries touch upon the interests of every republic resident. The fact is that we consume a considerably greater amount of food products than we produce. Every year we import 645,000 tons of grain and over 65,000 tons of meat, which comprises around 40 percent of our consumption. We also import 66 percent of the milk consumed. Let us ask: how would we like it if our brothers from the oblasts in the Russian Federation, the Ukraine, Belorussia, Moldavia, Lithuania, and Kazakhstan undersupplied Armenia with meat, butter, milk and grain?...

I will add that the strikes have created a tense situation also in the republic's construction industry. In the period from 4 through 13 July the direct economic loss in this sector comprised a large sum. Work on the construction of many of the most important facilities of industrial and social-cultural function was paralyzed.

All this inflicts significant loss not only to the national economy, but also to the prestige of the republic and the good name of the Armenian people.

POLICY, ORGANIZATION

More Flexible Retail Trade Pricing System Urged *18270084a SOVETSKAYA TORGOVLYA in Russian* *No 7, Jul 88 pp 3-5*

[Article by N. Sigunov, economist: "Price—the Economy's Barometer"]

[Text] In this period of restructuring, when democratization is being expanded, personal initiative is being activated, and enterprises and organizations are changing over to full cost-accounting [polnyy khozraschet], greater scope is being given to self-financing and self-support in commodity-money relationships.

Such powerful levers for influencing the economy as prices, production costs, profit, cost-accounting, credit and finances, all of which are inherent in these relationships, should be used to accelerate growth with a greater degree of effectiveness than, say, during the last 20 years, when their role and significance were diminished.

It should be pointed out that at that time, a system of prices, finances, credit and other economic levers had become established and was operating under an extensively functioning economy, and this kept the economic levers from helping to actively accelerate the growth rates for the economy as a whole, and its individual links as well.

Prices play a tremendous role in the economic policy. Inasmuch as they are a monetary expression of the value of a commodity, and serve as the yardstick of aggregate public labor and national income outlays, prices must also perform other important functions in the national economy such as, for example, improving production efficiency, output quality, the Soviet people's standard of living, resource conservation etc.

However, there are substantial intrinsic flaws in the price-setting system, flaws which keep it from performing carrying out its assigned functions. Its basic flaw lies in the fact that prices are removed from their basis—production costs (costs of publicly necessary labor), whereas according to objective economic law, they should express the value of the commodities in any commodity production.

Up to now, an unjustified policy of low prices has been implemented for many agricultural products and in the extractive industries (oil, gas, coal and others). The wholesale prices for these products have acted to encourage or hamper the use of certain materials in production. In so doing, no consideration is given to including in the cost of production the price-hiking factors which, for instance, improve output quality.

This price-setting practice, which operates in defiance of the law of value, has had serious negative consequences. Prices have begun giving a distorted reflection of the

economy's proportions, distorting the real production volumes of the aggregate public product as well, they are out of line with the costs and results of production on many levels of the economy, and they have begun to make it more difficult to compare the organization of production in related sectors, since the actual cost of this or that product to the producer (enterprise) has not been known.

The upshot is that wholesale prices for many consumer goods have been occupying an autonomous position and have begun operating out of touch with retail prices.

It needs to be emphasized that the substantial pricing misalignments have led to the widely implemented redistribution processes based on prices and the introduction of subsidies. Where a system of subsidies exists in defiance of the law of value, retail prices for foodstuffs continue to remain low, and prices for some non-food goods are wildly above normal, even though production costs for the former are considerably higher and for the latter are comparatively lower.

Need we explain that the abnormal retail price situation which has come about is disorienting producers and consumers? And it is creating an unhealthy situation in the country, in which many goods are always in short supply and the productive potential to fully meet the demand for them does not exist. Subsidies from the national budget are not in line with the principle of social justice and what's more, low-priced products are not universally and regularly for sale because of a lack of resources.

The amounts of these subsidies continue to rise, and this is putting unwanted stresses on the food supply and on mutual relations with the state budget.

At the same time, the extremely high retail prices for many non-productive commodities, which were set with no consideration for the supplies of and demand for those commodities, are leading to a situation in which demand for these goods is rapidly declining, with producers attempting to curtail their production. In so doing, they are failing to renew their products array thanks to the fact that they are not keeping an eye on market conditions. This will lead either to their being overstocked with goods, or to shortages of certain goods in the trade sector.

Industry, trade and the planning organs are doing an extremely poor job of balancing the supply and demand for goods in individual groups of the products array, and this is one reason for the stagnation of production and trade.

Of course, this situation stems not only from shortcomings in price-formation, but from other no-less-substantial factors. During the period of stagnation, for example, too little emphasis was placed on consumer goods production in our country. Many enterprises,

particularly in light industry, have been producing large quantities of obsolete and poor-quality products. These enterprises have put forth too little effort to introduce new and advanced equipment, or to improve their production methods. For the most part, they have tried to dump these items into the trade network by any means possible. The trade sector has been forced to accept them, since it has had nothing else to choose from.

Unfortunately, it has been found that during the period of restructuring, poor quality goods which fail to meet the demand continue being traded, and are even sold at full price. They are doubtless doomed to sit on the shelves. And this is going on now, when the state trade sector and consumer cooperation changed over in 1987 to a new system of economic operation and their organizations and enterprises have been granted a fair degree of economic and legal influence on their suppliers, and they can and must use this influence to incite the suppliers to expand their products line and improve product quality. Where necessary, they can refuse to accept products for which there is no demand. Here, the trade sector must resolutely look after the interests of the consumers and the state.

These days, as we know, industrial enterprises have also been charged, under the new system of economic operation, with setting up their own production program for manufacturing consumer goods on the basis of orders from the trade sector. This means that studies and predictions of popular demand must be organized on a higher level than is now done. It also requires that the reliability of demand forecasts be improved, not only for the country as a whole, but by region, so that commodity resources are distributed more correctly. Methodical guidance in the study of the demand needs to be activated in trade sector enterprises and industrial company stores and short- and long-term demand predictions need to be worked up.

USSR Mintorg [Ministry of Trade] has already done a great deal along these lines. Through its network of services for studying demand (including the VNIKS [All-Union Scientific-Research Institute for the Study of Popular Demand for Consumer Goods and Trade Market Conditions]) it summarizes the materials it receives and periodically informs producers, USSR Goskomtsen [State Committee on Prices] and its local agencies of market conditions and changes in the market.

However, practice shows that some price-setting agencies, including USSR Goskomtsen (which for the last 20 years has concentrated 60-70 percent of the entire products line of consumer goods, for which it approves the retail prices, around itself), and that they do not always nor completely use the information they obtain about demand, and this is why they make serious errors when setting and approving retail prices for many consumer goods. This is one of the reasons stocks of goods sit on store shelves.

No proof is required for the position that increases in commodity production and the population's cash income are accompanied by drastic changes in market conditions. Failing to take this factor into consideration causes serious errors in the setting of prices. Setting prices for goods of one sort or another with no knowledge of the demand for them, the price-forming organs thus open wide the floodgates through which these goods can pour into commodity circulation, even though there may be either no demand for them whatsoever, or the demand can be extremely limited. Industry continues to produce these goods and to dump them on the trade sector, since their prices have been approved. This causes unwanted difficulties both in the area of production and in the area of money and commodity circulation.

The course taken by USSR Goskomtsen towards centralized approval of retail prices for many goods is causing protracted delays in this process, and the procedure sometimes takes months. Goskomtsen's inflated staff is almost completely preoccupied with this immense task, while it ought to be totally involved in devising a methodological system, along with individual methods, for setting prices, and should develop economic standards (for raw materials, materials, labor, finances etc.), for setting prices. Ministries and departments, organizations and enterprises (associations), and executive committees of Soviets of Peoples Deputies could use them independently, i.e., locally, to set prices for many types of consumer goods.

Price-setting organs should implement the party line in the field of price-setting, should execute strict and effective supervision over the correctness of price-setting and should set up an efficiently-organized effort to coordinate retail prices so as to prevent discord.

Obviously, studying the demand for new types of non-food goods requires that a system be approved by which temporary prices for these goods could be set, and would have an extremely limited period of validity. For the duration of this period, trade organizations should give their qualified conclusions regarding demand. Only then should the question of approving permanent prices for these goods be taken up.

We feel that a different approach should be taken vis-a-vis deciding on and approving prices for the more essential types of goods which are more important to public consumption. Thus, it would be advisable for retail prices for basic types of meat and dairy products, animal or vegetable fats, bread and flour products, hulled and rolled products, potatoes and certain non-food goods, for example, to be centrally approved. Of course, the range of these goods would have to be strictly limited.

The conclusion suggests itself that consumer goods prices should, as a rule, be set on the basis of the supply of and demand for them, on the standard cost to produce

them, on the turnover tax, on established wholesale and retail trade agency and producer's supply agency rebates and on the degree of profitability needed to expand production and to form incentive funds.

Why are we in favor of this? Simply because this system will reflect all the real costs of producing goods in the prices, and will take supply and demand into account. This, in turn, will raise the level of exactingness on producers to improve the quality of their goods and expand their array of products. Doing so will undoubtedly strengthen cost-accounting principles in our industrial and trade enterprises.

There is no need to prove that the country's economic development is suffering substantial harm if the relation of prices to consumer goods is incorrect or there is discord in them.

The proposed system for working up and approving prices will promptly solve problems associated with setting prices on a healthier economic basis, and will eliminate the centralized system for approving all prices, which has not given good account of itself.

In light of the situation which has come about, retail prices need to be reformed, but this reform must be carried out without infringing upon workers' interests. The low retail prices now in effect for foodstuffs are unjustified and need to be raised until they approach the publicly necessary costs for public and living labor and thus relieve the state of providing subsidies from the budget. There is no need to compensate the public for the full amount of the price increase. At the same time, the present prices for non-food goods needs to be maintained, except for those whose retail prices are too high, as these prices prevent their being sold and create conditions for their sitting in warehouses.

There is another method of reform. It consists in balancing retail price increases for basic foodstuffs with price reductions for industrial products. However, this method is the source of serious misgivings. In two or three years, most of the product assortment of industrial commodities will be renewed, and the retail prices for new goods can be raised, based on the law of value. And this will reduce to nothing the compensation given to the population from reducing prices for industrial goods. In the final analysis, this is an infringement of the population's interests.

This necessitates our dwelling on individual questions of discounts to trade and wholesale producers' supply agencies, since they comprise that portion of the retail price for a commodity which is put at the disposal of the trade sector.

The Instruction on the Procedure for Applying Discounts to Trade and Wholesale Producer's Supply Agencies for Consumer Goods No 500, of 8 August 1978, which is now in force and which has been approved by

USSR Goskomtsen decree with the agreement of USSR Minfin [Ministry of Finance], is extraordinarily complicated, considering the changes and addenda inserted into it as of 1 July 1985, and this is why commodities suppliers and trade organizations are constantly experiencing distinct difficulties when using it in practical work. Many people cannot even clearly imagine the purpose of, and the people responsible for, granting discounts to trade agencies and wholesale producers' supply agencies, the amounts of which are indicated in the retail price lists.

As previously noted, these discounts are the primary source of trade organizations' gross revenues. Industrial enterprises and industrial sales depots for all goods and wholesale sales organizations of union republic ministries of trade for goods on which they either pay the turnover tax or get average rebates from enterprises and industrial sales depots, grant the retail trade organizations (enterprises) rebates to cover their expenditures and ensure profits in amounts stipulated in USSR Goskomtsen Instruction No 500 and, respectively, in the retail price lists.

It should be mentioned that the Instruction provides for a multitude of price raises of all sorts and differences in prices which the trade organizations are subject to make up from state budget assets or which, conversely, are paid into the budget.

For example, compensation paid from the budget to trade organizations for transport expenditures for shipping cereal products, feed grains, salts and petroleum products require extremely complex calculations and the submission to financial agencies of a great deal of documentation, information and calculations. A multitude of workers from the financial agencies and trade organizations are involved in the work on these calculations. The Instruction also contains a number of other shortcomings, which are in need of refining. Specifically, the amounts of the rebates to the trade agencies for a number of commodities fail to provide the trade enterprises with the necessary earning power from their sales, and some goods are even sold at a loss.

In this connection, the Instruction needs to be radically reworked and made more convenient and simple as it relates to practical work.

Mention should also be made of Instruction No 630 of 14 December 1976, approved by USSR Goskomtsen, and put into effect as of 1977. According to this instruction, USSR Goskomtsen and union republic pricing committees prescribe the rebates from wholesale prices or reduced prices for consumer goods which enjoy limited popular demand. Ten years have already passed and trade organizations' suggestions regarding these questions have been coming in to the pricing agencies in a mere trickle.

What is going on? Why don't the trade organizations want to submit their suggestions concerning the rebates? The fact is, there are more than enough goods which enjoy limited demand coming into the trade system.

The point is, as was made clear long ago, that the Instruction's demands are extremely complicated and practically impossible to meet. This Instruction's proposals on rebates have to be agreed to by a multitude of superior trade organizations and price-forming and financing organs. This entails a vast amount of correspondence with central union and republic level agencies.

When the Instruction was drawn up, the idea was to give the trade organizations the opportunity to solve these problems more promptly. Practice has shown that the dream has not come true, and that the Instruction should have been changed and corrected long ago.

Apparently, the rights of industrial enterprises and trade organizations to solve these problems need to be expanded. The most reasonable solution would be for them to set the rebates, by agreement, in amounts which would make it economically unprofitable for industrial enterprises to produce goods for which there is no demand.

These goods should be paid for on a commission basis, i.e., after they are sold to the population. And prior to the time when industry receives its moneys from the trade sector, it should take out loans from a bank and pay it interest.

Under this system, most of the losses incurred from selling goods which are out of fashion or style and enjoy limited demand will be borne primarily by the industrial enterprises—if they continue to produce them. Trade organizations will suffer losses only when goods become obsolete as the result of being kept on the store shelves too long.

This system will force manufacturers to keep an eye on popular demand in order to avoid losses and reduced profits, and to manufacture only goods which are in constant demand. Industrial enterprises will be made increasingly responsible for the quality of their products.

We can see that there is an urgent necessity for a radical restructuring of price formation. Only thus can the abnormal pricing situation and the situation in the national economy be set to rights, and better conditions be created for the functioning of our economy, for stepping up the production of consumer goods and expanding their products array and improving their quality.

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Summary of Progress in LaSSR Light Industry Sector Presented

18270067a Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 6, Jun 88 pp 87-97

[Article by S.B. Konyayeva, chief of the Administration of Organization of Production of New Kinds of Items, Product Quality and Control Over Deliveries of the Latvian SSR Ministry of Light Industry (Riga): "Restructuring and Latvian Light Industry"]

[Text]

What Has Already Been Done

Light Industry of the Latvian SSR includes 28 independent production associations and enterprises and five firm stores. We have 14 subbranches that provide the republic's market with practically everything necessary for the wardrobe: fabrics (cotton, silk and wool), sewn items, underwear and outer knitwear, footwear and leather haberdashery. The annual production volume amounts to about 1.6 billion rubles in retail prices. And although on the unionwide scale this is only 4.9 percent, we can see reflected in the activity of our branch, as in a mirror, many problems of the country's light industry, its successes and failures.

First about successful solutions. Perhaps our experience will be useful for other regions of the country.

And so, what do we consider to be successes? First of all, we have managed to take a small step, but a step forward in the expansion of the assortment and improvement of the quality of the product. There are 267 quality groups working in the ministry's system which include more than 2,000 people. During the past year or two the consumers have been offered coats lined with artificial fur, men's sports outfits made of polymer-based fabric lined with cotton, women's active footwear fastened together by the molding method, knitted items made of fancy woven thread with colorful sections, stretched fabric, nubby linen, and so forth. For the first time in keeping with the program for items from mass sports and recreation we have assimilated the output of a set of clothing for tennis players. The Aurora Factory for Producing Hosiery Items has greatly updated its assortment and has increased the output of high-quality products by a factor of 1.5.

We have received and are receiving many complaints about the assortment of light industry goods for youth. We have resolved to improve this work significantly. Under the ministry we have organized a special artistic-technical council for approving new kinds of products with the index "Youth" and half of its members are young specialists with an artistic education, workers of the gorkom komsomol and of the Central Committee of the Komsomol of the Latvian Komsomol. We invite

young people attending *tekhnikums* and schools and VUZ students to meetings of the council where they participate in the discussion of the fashions offered by the enterprises. So far the level of modeling and designing and the materials that are being used do not fully meet the requirements of youth fashion. But while before the organization of the council the selection of items was made from the already existing collection and deviations from the offered models amounted to 30-50 percent for certain enterprises, during 1987 more than 500 models of clothing and footwear with the index "Youth" were accepted, including 70 percent with improved quality. The Riga House of Fashions has created a collection of zone items entitled "Young for the Young," which has been given a high rating by the council.

We are very concerned about the lack of coordination of the development of the assortment and the inconsistency in the artistic execution and colors of the products. Everyone knows how difficult it is in the store to select an outfit of clothing and shoes, a purse and hat in a single style and matching colors. We think that in a republic such as Latvia this problem should be solved. In the firm store Lotos for 10 years now they have been selling sets of clothing created by artists of the Riga House of Fashions and produced by enterprises of the ministry on an especial assignment precisely in keeping with the intentions of the artist. The outfits are strictly seasonal and include 5-10 objects of outerwear, underwear, footwear, haberdashery, and so forth. All of them are displayed in the sales room of the store. On making sales we studied the opinion of the buyers and developed suggestions for further mass production of items included in the set.

A decision was made to organize a Center of Fashion whose functions would include the creation of basic collections of items in a single style and color scheme for all subbranches, the testing of principally new assortment decisions in clothing and footwear and new materials for their manufacture, the formation and study of consumer demand, and active publicity of the overall culture of clothing. The basis for the creation of this center was the Riga House of Fashions whose specialists have worked long for their deservedly high reputation. The technical base was reinforced by adding the production of knitted items from the former Mayga Atelier and the organization of a section for producing especially fashionable knitted items. The House of Fashions already have sections for sewn items and footwear. Thus we managed to combine the output of sewn and knitted items and footwear. Now we must staff the division for the theory of fashion so that beginning in 1988 the Center of Fashion will be able to fully provide control of the entire assortment of items produced in the branch.

On an order from the Ministry the Latvian Branch of the VNIKS conducted research on the typology of consumers of outer and light clothing in the republic. Very interesting information was obtained. In the first place, we determined the types of consumers in terms of the

basic indicators characterizing their socioeconomic status, their subject attitude toward fashion, and also their values and preferences with respect to individual consumer qualities of clothing—style, form and color of fabric, type of items (sewn or knitted). The following classification of consumers was determined: avant-garde, prestigious, moderate, practical, indifferent. A characteristic of each of these types was given: average age, distribution between city and country, level of average monthly income per family member, quantitative and qualitative composition of wardrobe, and so forth. The information obtained should be used by industry when forming the collection of clothing and by trade when developing orders. This year we began to develop assortment concepts having concluded an agreement for research to be conducted with the Latvian branch of the VNIINKS and young students of the Riga Polytechnical Institute.

In our opinion, the experiment in abolishing quality control in trade organizations of the republic that was conducted by industry along with trade is interesting. Participating in it were enterprises that for several years have had regularly high indicators of quality for various kinds of products. These included the Rigasmanufakturas Association (terrycloth and linen towels), the Sarma Home Labor Combine (all of its products), the Saule Combine (plaids), the Rigasapgerbs Sewing Association (children's underwear, men's coats, and corset items), the Ogrskoye Spinning and Knitwear Combine (an entire series of fashions), and the Somdaris Combine (haberdashery).

The purpose of the experiment is to increase the responsibility of the manufacturers directly to the consumer and to determine an approximately true consumer evaluation of our product since, as we know, the requirements of the standards for light industry goods are far from reflecting consumer qualities. There are cases in which, with unwavering fulfillment of the requirements of the GOST's, the products are not sold and lie around on the shelves of the stores. Moreover, because of the direct path of the products to the consumers, without control at the basis or in trade organizations, specialists of the departments for technical control do not have to spend time on going around dealing with defective products or clarifying misunderstandings with the base controllers. It is used more effectively in production for providing for the output of products of reliable quality. The conditions of the experiment, which have been signed by the managers of the two ministries of the republic—trade and industry—envision the possibility of resuming control in the event that there are complaints from the consumers.

The results of the experiment are fairly revealing. While previously with the planned inspections by controllers from the bases the rejection of these kinds of products amounted to 2.5-3 percent of the quantity inspected, now the number of complaints and the consumers themselves are in the hundreds and thousands of a percentage

point of the output. In 1987 we increased the number of enterprises participating in the experiment. After the accumulation of representative information concerning the evaluation of the quality we intend to ask the Gostandart to approve this form of work and recommend it for introduction locally with the agreement of the trade organizations.

There is another approach for organizing control at enterprises that regularly fail to provide for quality indicators. These are mainly in the footwear branch. Here there are large losses from rejected work, returns of defective footwear, and fines for the delivery of products of poor quality with all the negative consequences that ensue—a shortage of circulating capital and a shortage of the incentive funds.

The ministry was forced to make a decision concerning departmental acceptance of footwear following the example of state acceptance. They began with the shops and sections whose situation was poorest. In the Pirmays Mays Association and the Daugava Combine they introduced acceptance of women's fashion footwear and in the Rekord Association—in the hosiery and furnishings factory. Of course this measure for improving product quality cannot be regarded as a "panacea," which, incidentally, pertains to state acceptance as well since control, even the strictest and most objective in and of itself does not form quality. But in this stage obviously this is one of the real ways of imposing order in production.

This is the experience which we can share with anyone who is interested.

What Is Impeding Progress?

The republic's light industry is certainly no oasis. We are still experiencing all the same difficulties as the other enterprises of the country are. Here is what is strange: during the period of restructuring they decreased. The first and main thing is the substantiation of planning and the fulfillment not in words but in deeds of the concepts established by the decree of the CPSU Central Committee and the USSR Council of Ministers of 24 April 1986: the formation of the plan from trade orders; the inclusion of the retail cost in the calculation indicator; and the reduction of the number of established indicators. Not a single one of these innovations is in effect in practice. The planning of the volume of retail cost is done from the level that has been achieved with a different orientation toward their increase. Thus guided by the aforementioned decree the associations and enterprises of the ministry have provided for the distribution of the plan for 1988 in physical terms, they have coordinated it with trade organizations, and they have conducted sales at wholesale fairs. The results of these sales, as was stipulated, were submitted to the USSR Ministry of Light Industry. Industry took heart: finally for the first time in many years we will have a plan that is balanced in terms of production indicators (balance in terms of raw materials is something else). But the ink had not dried on our

balance plans before the USSR Ministry of Light Industry (in October) sent down its indicators for retail trade, which exceeded the calculated ones by more than 35 million rubles. Of course, these volumes also had to be placed, violating the coordinated assortment and replacing inexpensive items needed by the consumer with more expensive ones.

In August 1987 the USSR Ministry of Light Industry published an order which envisioned an additional assignment for producing goods with improved quality, with the index "N" and especially fashionable items that are to be sold at contractual prices during 1988-1990. And all of this, of course, without the participation of our "independent" associations and enterprises and without taking into account the assortment that was coordinated and agreed upon at wholesale trade fairs, and without any changes in the raw material base. And so we have come back to the old way, only we have done an immense amount of additional work for changing the assortment many times, breaking the agreements, searching for individual kinds of material resources that are in short supply as a result, and accumulating in warehouses others that are no longer needed....

Light industry is probably one of the most "tempered" branches. For the state has never had enough funds for it, machine building has never been able to do anything for it, and for so many long years chemistry has not been able to provide it with fibers, threads, dyes and chemicals that even remotely resemble the imported ones. The shortage of working hands in the branch continues to increase, especially in the basic professions, sewing, spinning, and weaving, because of the high intensiveness of their labor which is not compensated for by the level of development of the social sphere. In spite of all this the enterprises must fulfill the established assignments and, as a rule, they do this but it is to the detriment of the consumer.

What is our justification for continuing to establish indicators of the volume of output of items with the index "N" and at contractual prices? And without any analysis of the structure of the assortment or the composition of the population in terms of groups of average- and low-paid pensioners. Not to mention the fact that under the conditions of the increased role of contractual relations the consumer should independently determine the quantity and kind of goods he needs. And the producer, being interested in increasing his profits, should also strive to offer the consumer new, high-quality items. Now this process is taking place by the method of unjustifiably increasing the planned volumes of commodities from light industry with higher prices. And this means that there will be a continuation of the total growth of retail prices for objects for the population's wardrobe which in any event are so high that they cannot be compared to the world level.

In our branch the proportion of products with the increased (with the index "N" and sold at contractual prices, not including the children's assortment) amounts

to more than 50 percent and for individual enterprises—70-80 percent. And the average proportion of the increment to the price for especially fashionable items in knitted items reaches 40-50 percent of the basic price, sewn items—20-25 percent (but here one must also take into account the higher prices for fabrics), and footwear—30-35 percent. Is this too much or not? It seems to us that it is too much and yet the higher agencies, including the republic gosplan, never tire of repeating that this is "not enough," "inadequate," that it is necessary to "provide for an increase."

Nobody can give a real evaluation, since there is no research on this problem and none is envisioned. And why? The main thing is that the "little line in the plan" should increase from year to year, which is not happening in practice. The drive to achieve indicators planned in this way causes harm to the actual quality and the balanced structure of the assortment and predetermines the reduction under any pretext of the volumes of output of inexpensive items that are in mass demand and it brings about a need, after the trade fairs, to impose upon the consumers changes in the assortment with all the consequences that ensue from this in the economy (a lack of balance of indicators, the formation of above-normative stocks, deterioration of the financial condition, and so forth). I wish to emphasize that without substantiated planning in life industry we cannot impose order in the market or provide the population with the necessary goods.

Problem number two in our branch is the annually increasing despecialization of production, especially in the sewing branch. With the market saturated with goods the demand of the population becomes more selective with respect to age, attitude toward fashion, income level, professional classification, and other parameters. Each year principally new kinds of clothing and footwear appear: between-season coats, raincoats, adult and children's jackets, a series of items for active sports and recreation. And all this while retaining the traditional, classical kinds of products in production. In certain groups they have separated out clothing for youth, including adolescence, and for the elderly. The assortment has expanded considerably as a result of the appearance of especially fashionable items of which we produce 650-700 models a year. The degree of series production of these models is not great and amounts to an average of 15,000-30,000 rubles for knitted underwear, from 10,000 to 100,000 rubles for outer knitwear, and 25,000-95,000 rubles for sewn items. Especially fashionable items are almost completely replaced each quarter.

Trade's desire to satisfy every consumer group with a collection of the entire necessary assortment through the forces of enterprises of the republic alone leads to its dispersion and a reduction of the volumes of each type of item and it does not produce the expected effect. And one should not forget that, regardless of the real process of the specialization that has taken place in our industry,

the planning of the financial and economic activity is done according to principles of a highly specialized system with the corresponding growth rates of the production volumes and profit at enterprises that are in operation. The situation is also complicated by the systematic reduction of the absolute number of personnel which is not made up for by the capabilities of existing technical reequipment. During the past 10 years light industry in Latvia has annually lost up to 1,000 people. This is why the growth rate of production volumes is so low. During the 11th Five-Year Plan it was 101.6 percent of the preceding one, and in 1986—101.4 percent. How do we get out of the situation that has been created? Without removing the responsibility from industry itself for effective reequipment of the branch, strengthening of its technical base, eliminating shortcomings that exist in the organization of production, and increasing technological and executive discipline, one can speak with confidence about the need for a radical change in the assortment policy and specialization among the various regions of the country. Otherwise we need new concepts in the system of planning the financial and economic activity of light industry enterprises that are directed toward providing for stable operation of small-series production.

Strange as it may be, up until recently in light industry we have not found a generalizing evaluating indicator of product quality either for the enterprises or for the branch. The one that exists at the present time—the proportion of items with improved quality with the index "N" and especially fashionable items sold at contractual prices in the overall volume of goods in retail prices—does not reflect the actual state of affairs with respect to the quality of the products that are produced and depends on the structure of the assortment and the retail price level. With the abolition of the index "N" for children's items the groundlessness of this indicator is even more clear. The enterprise increases the output of goods for children but the "indicator of quality" decreases. The enterprise thought about organizing the output of products that are not subject to the index "N"—the evaluation of its work with respect to quality immediately drops sharply. Thus our Liyepay Haberdashery Combine assimilated the production of a medicinal belt that is in short supply and a volume of 950,000 rubles in retail prices. In subsequent years these volumes will increase to 3-4 million rubles. The reduction of the basic indicator for evaluating quality as a result of this will be 0.4-0.5 percent, and, correspondingly, in the future up to 1.5 percent (while maintaining the same quality level for other kinds of goods). Well, is this not absurd? And the saddest thing is that with the planning and evaluation of this indicator nobody wants to penetrate into the essence of the problem and pay attention to our arguments.

In addition to the indicator of the proportion of high-quality products we have at our disposal data concerning the quantities and volumes of products about which there have been complaints, fines for the delivery of

products of inappropriate quality, losses from defective work, and economic sanctions of state supervisory agencies. Frequently a situation arises in which all of the aforementioned indicators have a positive dynamic and the all-seeing eye of the Gosstandart during the inspection that is carried out exceptionally scrupulously to make sure that we meet the requirements of the standards and the model—the benchmark, has discovered these deviations. And these deviations might not have any influence on the consumer quality of the item, but still the sanctions are applied. In this case can we speak simply about the quality of the products produced by the enterprise? So far they talk about it but only in a negative way. But perhaps we should look for an integrated indicator? The more so since quality today is a pivotal indicator in material incentives. Unfortunately, the theory says nothing about this or about many other issues related to the qualitative characteristics of light industry goods, including products with improved quality and items that are able to compete. It turns out that everything is there—plans, assignments, penalties for failure to fulfill them—but there is no clear-cut definition of the concepts.

An age-old question has to do with our GOST's and the lack of correspondence between the requirements for raw material and the prepared product, and also the simply mutually exclusive requirements for various levels of normative and technical documentation. If the organizations responsible for this knew how much confusion and disorganization in the daily activity of the enterprises and complaints from specialists in industry are caused by their "brainchild," they would take a more responsible attitude toward their work and react more efficiently to suggestions from the local areas.

Large reserves for satisfying the needs of the population for light industry goods are included in the sphere of their sales. Because of the lack of a technical base the wholesale level in the republic and in other regions of the country is incapable of performing functions for transforming the production assortment into a trade assortment. The breakdown of orders when going into trade directly from warehouses of the enterprises is unacceptably great and so far there is not even any question of streamlining the volumes of deliveries. Thus the Ogrskoye Production Spinning-Knitwear Association in 1988, having direct ties with six consumers of its products, according to the orders should ship products to 52 consumers; for interrepublic deliveries there are 33 consumers and 123 schedule-orders. The picture is similar for other associations. With respect to this the Estonian SSR Ministry of Light Industry has interesting experience in creating industrial trade complexes on the basis of transferring wholesale bases to the Ministry of Light Industry. There is no doubt that the interaction between industry and wholesale trade in this case will develop effectively. But there is a danger of a relative weakening

of the influence of wholesale trade on the retail level, which directly provides for satisfaction of the demand of the population. It seems expedient to conduct a comprehensive analysis of the results of the Estonian experiment in order not to be too hasty in making such a serious transformation in the management of the economy.

And yet the development of firm trade has indisputable, proven advantages. As we already said, we have five firm stores in our system. Two of them were just organized in 1987 and it is too early to say anything about them. The Ogre store of the Ogrskoye Production Spinning-Knitwear Association and the Lotos Store of the Riga Rigasapperbs Production Sewing Association have long enjoyed deserved authority among the residents and guests of the republic. But the main merit of these stores lies in their work with the assortment of the enterprises, their study of consumer evaluations, their testing of new kinds of items, and their influence on improvement of the assortment and quality of products. It is no accident that items from these enterprises are always in demand among the consumers. And trade has no right to reproach us for incompatibility of the indicators of the growth of commodity turnover, commodity turnover per 1 square meter of trading area, commodity turnover per one worker, and so forth. There are counterarguments for this: the high art of service, the publicity of fashion, and daily work for studying demand which, incidentally, leads to a natural growth of commodity turnover. But the rates of development of firm trade absolutely do not satisfy us. There are many reasons for this. And the main one is the lack of the necessary funds for construction. Too many problems that have accumulated over the years must be solved in production through capital investments. And the Ministry of Trade will not turn its stores over to industry even if the guarantee that we will maintain the commodity turnover that has been achieved. For the current five-year period we have earmarked the organization of three more stores, but this is clearly not enough for a ministry with so many branches.

In one article it is impossible to encompass the many sides of the problems facing our light industry. Here we have reflected only a couple of the most crucial ones in the area of the development of the assortment and improvement of the quality. Of course it is primarily specialists in industry itself who will have to solve these problems. But only with effective and involved participation of planning agencies and associated branches will it be possible to have a radial restructuring and real progress.

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ELECTRIC POWER GENERATION

Measures Designed To Prevent Another Chernobyl Debated

Balakovskaya AES Inspection Described
18220105 Moscow SOVETSKAYA ROSSIYA in Russian 21 Jun 88 p 2

[Interview with Yu. Vishnevskiy, chief of the inspectorate of Gosatomenerg nadzor SSSR [USSR State Committee for Safety in the Nuclear Power Industry] at the Balakovskaya AES, with Yu. Burov, Saratov Oblast: "Man at the AES Panel"]

[Text] [Question] Yuriy Georgiyevich! The Chernobyl accident uncovered the need to fundamentally revise the very philosophy of safety in the designing, construction, and operation of nuclear power units. What is this concept today?

[Answer] I would single out two main directions: the maximum possible increase in the reliability of equipment, its transfer to operation under automatic and self-regulating conditions, and a fundamental improvement in the vocational training of operators. There are already changes in this respect. At all nuclear electric power stations in the country additional measures to increase their safety have been realized, control and protection systems have been refined, and specifications of equipment at reactor units have been improved.

[Question] Not by chance did you, apparently, put the skill level of operating specialists in the second place. Western experts, who analyze the sources of the Chernobyl tragedy, are of the same opinion. In particular, this is what Lord Marshall, chairman of the Nuclear Power Engineering Association of the United Kingdom, wrote in the journal NUCLEAR TECHNOLOGY INTERNATIONAL: "On the question of the operator's role in ensuring safety we have always held the point of view that even the best operators can make mistakes." And then: "The Russians... relied more on instructions than on technical facilities in ensuring the reactor's safety." True, Marshall, nevertheless, does not belittle man's role. Having noted that operators at Chernobylskaya AES displayed professional arrogance, owing to which "they lost the sense of danger" and committed a gross violation of instructions, he stressed that in Great Britain personnel training was considered extremely important.

[Answer] I fully share such a point of view. I read that article. It is written in a well-meaning tone and with knowledge of the matter and concern. The time following the accident was sufficient for the sector's management to make a profound analysis of what had happened and to draw appropriate practical conclusions. They exist. However, these measures are being realized much more slowly than one would wish.

Two circumstances evoke special concern: the shortage of trained operating personnel and the slow increase in the reliability of equipment.

At the end of last year operators at the Balakovskaya Station were forced to change over to four shifts instead of five. This extreme and forced measure is caused by the most acute shortage of specialists, primarily key ones, such as chiefs of shifts of stations, units, and shops, and senior reactor and turbine control engineers. Tightening up shifts resulted in overloading. For example, in October-November overworking amounted to from 40 to 60 hours. I would like to note that state commissions, which have investigated the causes of railroad, sea, aviation, and other catastrophes, mention personnel fatigue due to systematic overworking as one of their basic causes. Sooner or later physical and nervous loads result in apathy and indifference to the performed job.

At the Balakovskaya AES at the end of last year there was a shortage of more than 700 people, almost 200 of them on the engineering and technical staff. Two power units already operate here now and the commissioning of the third one is next. However, its commissioning can be under the threat of disruption again owing to the shortage of personnel. The shortage now amounts to about 400 workers. The station's management took measures for an additional recruitment of operators, concluding contracts with higher educational institutions and asking allied enterprises for help. However, this was done late. Graduates will need more than 1 year to acquire experience there.

[Question] Where is the way out?

[Answer] In such a situation we should utilize two basic potentials in the best way: significantly improve our workers' training and treat them with maximum care. However, there are also many difficulties here. The educational training center established at the station as yet does not have the necessary instructional-methodological and material base. Therefore, self-instruction is the most widespread form. Meanwhile, this path is very dangerous, because instruction based on personal experience often forms false habits provoking violations... Many highly skilled specialists have also developed at the station. Logic suggests that key positions should be first given to them. However, people from elsewhere are hired at times. This causes dissatisfaction and resignations...

[Question] And even wages and privileges do not retain them?

[Answer] For some reason everyone thinks that in the nuclear power system wages are high. Nothing of the kind! At best they are equal to those received by specialists at thermal and hydroelectric power stations and at worst are inferior to them. Although it is no secret to anyone that an AES worker is not insured against a so-called occupational effect. Moreover, the degree of

responsibility and moral stress are obviously incompatible. Everyone is well aware of this and, therefore, after Chernobyl the influx of personnel to nuclear electric power stations obviously has decreased.

Concerning other privileges. In such a comparatively young priority sector as nuclear power engineering they are extremely necessary, but are not yet available everywhere. The lag in social security hinders the stabilization of the Balakovskaya AES collective. There are now about 1,000 operators in line for apartments.

Don't think that I dramatize the situation deliberately. The VVER-1000-type reactor used at our station is fundamentally new as compared with Chernobyl reactors. A reliable system for preventing the emission of breakdown products is structurally provided in it: This is a high-strength containment. Tests have confirmed that in its characteristics this is the best containment in the country. Nevertheless, there is cause for anxiety. There were malfunctions in operation in 1986-1987. Some of them led to a shutdown of the reactor unit (emergency protection came into action). The operation of power units is designed for 30 years. During this time emergency protection facilities should operate no more than 150 times, that is, five times a year. In other words, we can exhaust the service life of protective equipment ahead of schedule and the need for its inspection and repair will arise.

[Question] To be sure, it is no problem to repair it. However, behind every or almost every failure and shutdown there are none other than low skills, miscalculations, mistakes, and even negligence on the part of personnel!

[Answer] Not only, although this year for such violations our inspectorate was forced to fine nine people and to strictly warn as many. However, what is especially regrettable, malfunctions also occur through the fault of equipment suppliers and designers. Here is one example. Owing to mistakes by specialists at the Leningrad Affiliate of the Orgenergostroy Institute, a shutdown of the first power unit occurred last February. The cause of the malfunction was clearly indicated in the inquiry document and the material was sent to the institute. Well, what of that? Exactly a year later a shutdown—this time of the second power unit—again occurred for the same reason! It turns out that even 12 months were not enough for designers to make the necessary corrections in their designs. I would like to add that, owing to miscalculations by designers, the share of malfunctions reaches one-third.

As before, the low quality of equipment lets us down, although for the sake of fairness the following should be noted: After the introduction at enterprises of state acceptance and control of output on the part of Gosatomenerg nadzor the situation is improving, but not everywhere. As before, the output of the Taganrog Krasnyy Kotelshchik Plant, of the Podolsk Plant imeni

Ordzhonikidze, and of a number of other enterprises of the Ministry of Power Machine Building gives rise to a great deal of unfavorable criticism.

[Question] Yuriy Georgiyevich! Judging from examples, such difficulties affect not only the Balakovskaya Station. They are probably typical for the entire sector.

[Answer] This is due to its rapid development. After all, builders and operators set the task of annually commissioning approximately eight power units with an installed capacity of 1 million kw per unit.

[Question] In such a situation it is again necessary to talk about the responsibility of personnel and their mastery of the science of not making mistakes. Does such science exist?

[Answer] In my opinion, today this is the biggest "bottleneck" in the entire system of training personnel for nuclear power engineering. To this day there are many unsolved problems here.

I will begin from the foundation for all problems: scientific support for accident-free operation. It may seem surprising, but this is an irrefutable fact: On the eve of the accident a group of specialists at the Chernobylskaya AES conducted research on the engineering and psychological aspects of operators' work. This was done on a voluntary basis. The recommendations worked out on the basis of this research were ignored... Such work is now being organized. It uncovers the mass of "blank spaces" in the readiness and ability of operating personnel to work without error. For example, it turned out that cases of operators' "detachment" for several tens of seconds, of which they are not aware, are not infrequent. As a result, an operator can miss important signals, or not react properly. In this case the time of entry into a new situation sometimes increases severalfold, while, conversely, the accuracy of actions drops sharply... An unsatisfactory layout of unit control panels was also uncovered. Some important push buttons were installed dozens of meters and more from each other, the calibration and scales of instruments were not uniform, and emergency safety panels were not always provided... Trifles? Nothing of the kind! Behind each of them there is the prerequisite for a malfunction... I repeat that scientific research from this aspect has begun and practical workers are arming themselves with its results right now.

[Question] Your inspectorate was established at the Balakovskaya AES so that the Chernobyl tragedy may not be repeated here. How can this be guaranteed?

[Answer] I can say one thing. We are reliably insured against a tragedy similar to the Chernobyl tragedy. For two reasons. The type of reactor at our station is fundamentally different, but much more improved and reliable in control. And most importantly: After Chernobyl all of us have become different, remembering very well the old truth—even an unloaded gun can fire once a year.

Ministry Responds With Criticism

18220105 Moscow SOVETSKAYA ROSSIYA in Russian 20 Jul 88 p 3

[Article by deputy minister V. Aleksandrov: "Man at the AES Panel"]

[Text] The USSR Ministry of Heavy, Power, and Transport Machine Building has examined the article "Man at the AES Panel" published on 21 June 1988 and considers the criticism of the manufactured equipment valid.

For the purpose of increasing the reliability of operation of heat-engineering equipment, manufacturing enterprises have taken a number of specific measures to improve the technology of manufacture of articles and to toughen the control of intermediary operations and final tests. A conference of chief designers of AES turbine plant equipment with the participation of specialists at Krasnyy Kotelshchik and Turboatom associations, the Podolsk Machine Building Plant imeni S. Ordzhonikidze, and the Chekhov Power Machine Building Plant, as well as specialists at the USSR Ministry of Nuclear Power Generation, was held. It adopted a decision on preparing overall measures to raise the technical level, quality, and reliability of turbine equipment. These measures envisage, in particular, the development and manufacture of a new high-pressure chamber-type heater.

In accordance with the order of the USSR Ministry of Heavy, Power, and Transport Machine Building measures are being developed for the retooling and reconstruction of existing nuclear and thermal electric power stations and for ensuring the delivery of full sets of equipment to power projects as of 1989. As of 1 January 1988 the sector's enterprises in accordance with the contracts concluded with AES realize the statute on author's supervision coordinated with the USSR Ministry of Nuclear Power Generation. After coordinating the statute on technical servicing with the client, in the second half a year the USSR Ministry of Heavy and Transport Machine Building will embark on the organization of centers for technical servicing of AES equipment.

11439

Production of New Turbogenerators for Future AES Plants Planned

18220098a Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 15 Jul 88 p 3

[Article by Yatsek Vendrovskiy (Interpress): "With Sights Set on Tomorrow"]

[Text] This huge department could be an excellent pavilion for shooting films. Multitiered machines, fantastic in shape, overwhelm one with their dimensions. The people scurrying about them look like ants. Here a 500-MW generator, which was designed for the first Polish nuclear

electric-power plant at Zarnowiec, reigns. It is growing, like yeast, profiting by the heightened attention of the Wroclaw collective of the Lower Silesian plant, Dolmel—an industrial enterprise that has been a collaborator with Soviet power engineers for more than 40 years now.

"It went into operation at the boundary line of the 1940's and 1950's. At that time neither the rigging and tooling nor the level of specialist training permitted adjustment to the production of large electrical machines. For Polish industry this was a completely new area," recalls Dolmel engineering director Edmund Maron.

"The government's program, however, called for the production of high-capacity electric motors and generators. And the Soviet Union already had much experience in this area. Specialists from Leningrad developed and transmitted to Dolmel engineering and industrial design for rebuilding the enterprise and equipping it with the necessary machines and equipment. Constructional and technological documentation for motors for electric locomotives and turbogenerators of high capacity was received. Soviet specialists who came to Wroclaw in order to transfer their knowledge and experience extended valuable assistance. That is how our collaboration began. In later years, when Dolmel began to manufacture its own complicated output, our contacts with Soviet enterprises, such as Leningrad's Elektrosila plant, the Novocherkassk Electric Locomotivebuilding Plant and the Zaporozhye Transformer Plant, took on greater scope."

Wroclaw's engineers were unanimous: without collaboration and exchange of experience, the manufacture of our powerful generator for the AES would have taken a much longer time. Here is an example. Rings of the installation are glued together from thousands of bits of plate steel. Special equipment is required to manufacture the ring. At Dolmel they made it themselves. In order to perform other operations, especially machining of the rotor, which required high precision, specially built machines which only a few companies in the world produce, were needed. Soviet and Polish specialists working together had to resolve this problem.

In 1989 the generator, which weighs 430 tons, will leave the department on special flat cars with ceremony and will be sent to Zarnowiec, where it will be installed on a previously prepared footing. Then another three of its "brothers" will go into operation.

It is planned in the long term to build a second Polish AES, the Varta, close to Pila. Generators of 1,000-MW power will operate there. The design work has already been undertaken at Dolmel. Two years after startup of the installation at Zarnowiec's AES, Dolmel will be able to deliver generators of double the capacity to CEMA member countries for nuclear power.

Dolmel's ties with machinebuilding plants in the USSR and other socialist countries are being successfully developed within the framework of Interelektro—CEMA's international organization for scientific, technical and economic collaboration in the area of electrical equipment. Documentation for the newest series of turbogenerators for future AES's is being prepared, and Dolmel has been charged with developing four projects, including the design and erection of generators for AES emergency feed systems. These small generators, of 3-6 MW power, are extraordinarily important for the safe operation of the stations. Series production of them will start soon.

11409

Third Unit of Ignalinskaya AES May Not Be Completed

*18220098b Vilnius SOVETSKAYA LITVA in Russian
23 Jun 88 p 1*

[Interview with A. Brazauskas, Secretary of the Lithuanian Communist Party Central Committee, by TIESY and SOVETSKAYA LITVA correspondents: "Will There Be a Third Power Unit at the Ignalinskaya AES?"]

[Text] Further construction of the Ignalinskaya Nuclear Electric-Power Station is stimulating much discussion in Lithuania. TIESY and SOVETSKAYA LITVA correspondents turned to Lithuanian Communist Party Central Committee Secretary A. Brazauskas and asked him to tell about construction of a third power unit of this station and about the policy of the republic's leadership on this question.

"The Ignalinskaya Nuclear Electric-Power Station's designed capacity was 6 million kW—four power units of 1.5 million kW each. In 1986 the State Consultancy Commission of USSR Gosplan, at the request of the republic's government, studied once more the design and recommended restriction of capacity to 4.5 million kW, since the biological situation of Lake Drukshyay and the sanitary-hygiene environment of the whole region of the Ignalinskaya AES were not in a condition to provide for normal operation of four units. Moreover, in the commission's opinion, certain engineering solutions in the design were not adequately substantiated, and so construction of the fourth unit would be undesirable.

"Guided by the commission's decision, the republic's government proposed to the USSR Council of Ministers that the fourth unit not be erected. Our proposal was concurred in, and the fourth AES unit will not be built. Erection of the third AES power unit was started,

although the designs had not been prepared finally. The builders have been working for the third year, and the deadlines have long passed that were called for by the USSR Ministry of Nuclear Power Generation for final preparation of the design, but up to now problems of the heat schedule and water use of Lake Drukshyay have not been agreed upon with the republic's water-protection services (right now this lies within the jurisdiction of the State Committee for Nature Conservation), and a large portion of the design's policy has not been coordinated with Goskatomenergonadzor [State Committee for Safety in the Nuclear Power Industry].

"As I have already said, construction of the next power unit is continuing, although the design still has not been coordinated and the builders are using the working drawings. However, at some facilities it is impossible to adhere to the technology for construction and the installation of equipment.

"The state of affairs is well known to the Lithuanian Communist Party Central Committee and the republic's government. The progress of construction and the operation of the Ignalinskaya AES have been discussed repeatedly by the Buro of the Lithuanian Communist Party Central Committee and the republic's council of ministers, and, it must be revealed openly, not one manager of the construction project and of the various AES subunits has been strictly punished in the party and disciplinary procedure.

"Despite all this, there is, so to speak, still no preventive work for the final design of the third unit. Seeing that the interests of Union agencies in the republic differ on this problem, the Lithuanian Communist Party Central Committee and the republic's council of ministers at the start of the month sent a letter to the Chairman of the USSR Council of Ministers, Comrade N. I. Ryzhkov. It set forth the state of affairs that existed in construction and pointed out questions that Union agencies had not resolved. In our opinion, a situation in which, in the absence of the design, millions of rubles are being invested on construction and equipment, is unacceptable, and bureaucratic procrastination in solving problems of later safety of the AES's operation only violates the overall interests of the country and the republic. Guided by this, we asked the country's government to solve quickly all the accumulated problems with construction of the third power unit or to stop its erection. We still have not received an answer to that letter, so we shall tell readers and the republic's public later about the results of our appeal."

11409

LABOR

Coordinated Economic, Social Struggle Against Seasonal Labor Urged

18280078a Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 6, Jun 88 pp 126-137

[Article by S.A. Voytovich, candidate of philosophical sciences, Scientific Associates of the Division for Research on Social Structures of the Institute of Philosophy of the UkSSR Academy of Sciences (Kiev) and Ya.D. Nikiforak, scientific associate of the Chernovitsa Branch of the Kiev Institute of Automation: "For What Should the Seasonal Worker (Shabashnik) Be Paid?"]

[Text] We are continuing our publication of articles on shabashnik labor. In this selection as in the essay, "The Life of One Shabashnik" (EKO, 1987, No 3) we have two views on the phenomenon—"from without" and "from within." This time the researchers and a shabashnik had their say.

A Shortage or a Surplus?

In the process of restructuring the national economy it is impossible to bypass seasonal brigades who are sometimes called otkhodniks, but are more frequently called shabashniks. The volume of construction and installation work performed by seasonal brigades in agriculture during the 11th Five-Year Plan amounted to 27 billion rubles, which is equal to 8 percent of all the construction and installation work in all businesses. In individual regions of the country these indicators were much higher. For example, in 1978 in Kazakhstan the volume of construction and installation work performed by seasonal workers was 43 percent. According to the calculations of A. Brovin, the overall number of seasonal workers under the 10th Five-Year Plan (annual average) was 1-2.3 million, that is, 10-20 percent of all the people employed in construction.¹ On the kolkhozes of the Ukrainian SSR the proportion of labor of hired workers in the overall labor expenditures of all workers under the 11th Five-Year Plan increased by a factor of 1.4 compared to the 10th Five-Year Plan, including in Dnepropetrovsk Oblast—by a factor of 2, and Kirovograd, Poltava, and Cherkassy oblasts—by a factor of 1.5. All these figures show the growing scale of spontaneous redistribution of labor resources.

If one thinks about it logically, the utilization of the labor of seasonal workers shows that in certain (northern and eastern) regions of the country there is a need for this labor. Above all, it would seem, because of the shortage of labor resources. At the same time, in other regions, krays and oblasts there is a surplus of them (for example, in the western regions of Belorussia and the Ukraine, in the northern Caucasus, and in the Transcaucasian republics). And so in one place there is a demand and in another place there is a possibility of satisfying it. With

the coming of spring this "possibility" moves over hundreds and thousands of kilometers to the north, to Siberia, to Kazakhstan, and to the kolkhozes of the Nonchernozem Zone so as to join with its "need" and be realized in it.

At first glance the picture is clear. But, in our opinion, it is more complicated than this. Of course there are differences in the provision of labor resources for various regions, but they are not so great as it usually seems. All one need do is pay attention to the fact that under the conditions of the existence of a shortage of labor resources in Siberia, the North, the Nonchernozem Zone, Kazakhstan and other republics, many brigades of seasonal workers are formed in these places from local residents and people living in neighboring population points, rayons, and oblasts.

Georgia is considered to be one of the regions with a surplus of labor resources. Each year thousands of people travel outside this republic in search of work. At the same time, the construction projects in Georgia are not progressing...because of the shortage of working hands. In Checheno-Ingushetiya in 1984 there were 26,000 migrant workers but they brought in almost 20,000 city dwellers to harvest the crops here.² The western oblasts are thought to have the greatest surpluses of labor resources in the Ukraine. For example, from Ivano-Frankov Oblast alone each year, 15,000 people go out to other oblasts in search of work. And yet here, according to data of the oblispolkom, the shortage of labor resources amounts to about 12,000 people (more than 3,000 of these in construction and 2,500 in agriculture). Incidentally, they leave this oblast not only for distant regions, but also neighboring ones, mainly in the south of the Ukraine. Seasonal workers can also be found in the northwestern oblasts of the republic—in Khmel'nitsy, Vinnitsa, Rovno, and Zhitomir. These oblasts, although to a lesser degree, also send seasonal workers to all corners of the country. And representatives of the Transcaucasian area are working in Kherson, Zaporozhye, and Dnepropetrovsk oblasts.

The explanation of the existence of seasonal brigades by the surplus of labor resources in these oblasts does not agree with other facts. For example, a considerable proportion of the seasonal workers in the north, Siberia and Kazakhstan are not residents of rural areas, but city dwellers. People employed in public production are organized into "shabashnik" brigades during their vacations and frequently are discharged from their main work but retain their residence and their past. At the same time in the cities, especially the large ones, at every step one can find announcements inviting people to work in all specialties for which they are trained in PTU's, tekhnikums, and engineering and technical VUZes. But these announcements for some reason do not attract those who are looking for the possibility of augmenting their budget. They are drawn to the remote regions and increasingly end up as specialists in one

profession—construction, regardless of their educational level (vocational-technical or higher) and specialization—lathe operator or fitter, engineer-chemist or engineer-electrician.

Thus upon checking the surplus of labor resources everywhere turns out to be a shortage and vice versa. Most likely it is both the one and the other. And it is not likely that the "shortage-surplus" of resources is generated by seasonal brigades. "If one evaluates the current situation with labor resources," as V. Kostakov correctly emphasizes, "one must say that we do not have a shortage of work force but, on the contrary, the national economy is oversaturated with it because of the extremely ineffective utilization of labor in all branches."³ But the myth about the shortage of labor resources suits many people. For in the absence of workers they frequently write off as something objective and insurmountable the mistakes in the organization and stimulation of labor, in provision of the proper conditions for labor, the enlistment of youth for work positions, and many shortcomings of the economic mechanism.

The provision of labor resources for enterprises, kolkhozes and sovkhozes can and should be carried out as a result of increasing labor productivity and releasing and redistributing the work force within the businesses. But in reality the level of productivity and intensiveness of labor in the businesses remains low and frequently elementary discipline and clarity are lacking in the organization of labor. In those places three workers are used where one would be enough. This leads to an artificial creation of surplus jobs, which can impede mechanization of labor and its productivity. In the permanent job up until recently an increase in the labor contribution was rarely accompanied by an increase in earnings. Any normative documents limited and regulated the wages and, at the same time, the initiative of the workers and managers of enterprises, and they led to equalizing tendencies (now many of these provisions and instructions have been abolished: the future will show what effect this produces). This is the way the idea developed, that one should give no less and no more than envisioned by the norms for the average level of earnings and this is how the dependent attitudes were generated. It is not surprising that, as the data from the sociological research show, a large proportion of the workers are not working at full force and with a different kind of organization of production they could work better.⁴ Something else is surprising: under these conditions there are still people who are prepared to work harder and honestly increase their incomes.

To Whom Are Seasonal Brigades Advantageous and Why?

Because of the factors indicated above, those who wish to earn more money for more work can do this most simply if they join others and go tens and hundreds and thousands of kilometers away from home and their main work and conclude a labor agreement there with another

business (an enterprise, but more frequently a kolkhoz or sovkhoz). It is also easier for the manager of the business to assign urgent jobs not to his own collective but to a brigade of migrant workers. For the payment and incentives for the labor of migrant workers are made according to different rules and instructions than they are for local construction workers. Insignificant amounts of overtime work for "permanent workers" require coordination with trade union agencies, the filling out of different documentation, and payment at different rates. It is impossible to organize the labor of local construction workers according to the cost accounting method while all the other units of the business are working according to the traditional method. This is possible only when the entire business is changed over to cost-accounting organization and payment for labor. And brigades of migrant workers work in keeping with principles of complete cost accounting. Everything is extremely simple. The labor agreement concluded between the business and the seasonal brigade makes it possible to calculate earnings for the final result. The link between the labor contribution and the remuneration is maximally adequate. There is no need for special permission from trade union agencies for overtime work; the shabashniks regulate their own work time. Efficient intrabrigade organization of labor, mutual replaceability, and saving of each working minute—everything for the shabashniks is directed toward the final result. Every day a member of the brigade is interested in doing as much as he can. Therefore their labor is many times more productive than that of local workers.

The need for the labor of seasonal brigades is brought about by the fact that on the kolkhozes and sovkhozes there are kinds of work which are unprofitable for interkolkhoz construction organizations and mobile mechanized columns. This includes the construction of facilities for housing and cultural-domestic purposes, the repair of production facilities, and so forth. The low level of labor productivity in these organizations does not enable them to satisfy all the needs of agriculture for construction and installation work. The possibility of concluding a labor agreement with a brigade of seasonal workers makes it possible for many enterprises and kolkhozes to find a way out of this difficult situation. In rural areas seasonal workers help to complete all construction projects by winter and in short periods of time they repair hospitals, schools, kindergartens and farms. It is not surprising that the managers of businesses, as a rule, give a positive rating to the work of seasonal brigades and are glad to take advantage of it.

But the positive attitude of managers and businessmen toward seasonal brigades shows one more thing—the orientation of the business people toward solving purely economic problems. The utilization of the labor of seasonal workers rids the managers of businesses of many concerns. For shabashniks there is no need to allot funds for the construction of housing, kindergartens and other facilities for social, cultural and domestic purposes. The labor of these brigades, as a rule, is not very

mechanized. A large part of it is done by hand. Nonetheless this does not force the managers to be concerned about improvement of working conditions, mechanization, or the introduction of labor-saving technologies. For actually, as we have already clarified, the shortage of labor resources does not exist. One can always find if not one then another "wild" brigade. Of course the indifference of many managers to the conditions for the labor and life of the workers is certainly not generated by the utilization of seasonal brigades. In our view, the reason is that the economic manager does not yet have the full right or opportunity to dispose of available material and labor resources effectively.

The City Shabashnik and the Country Shabashnik

Why do many workers of legal production agencies have a negative attitude toward seasonal workers, even though they have already been changed over to a "legal status" by a number of government decrees? One of the reasons is the violation of financial discipline and legislative acts concerning labor. But seasonal workers hardly account for more of these violations than the workers in basic public production do. For violations of technology and labor discipline, write-ups and illegal payment of bonuses—these are certainly not "inventions" of seasonal brigades. Moreover, all the violations by shabashniks are carried out in conjunction with officials of the kolkhozes or enterprises. So it is not only the shabashniks who are guilty of the violations.

Obviously, the negative attitude of workers of legal protection agencies toward shabashniks is generated by a lack of understanding of the essence of this phenomenon, the forms of manifestation of socialist property, and the need for the coexistence of various flexible forms of organization and payment for labor. The stereotypes of public opinion have also played their role. For example: "To earn a lot means to be cunning." Thus many years of practice whereby it was actually impossible to earn more than the unofficially established average level (whether it be in the shop, a farm, a brigade, a professional group or branch) has been reinforced in their consciousness. Such "norms" are also used to evaluate the activity of seasonal brigades and, incidentally, other similar phenomena as well. After all it was quite recently that the owner of an automobile who obtained a ruble for rendering service to a passenger was considered to be an evil violator, one who took "under the counter" unearned income. Fortunately, life has made its corrections and they are gradually leading to a re-estimation of these phenomena both in individual awareness and in public opinion.

Now let us turn our attention to people who earn more than is "acceptable." What kind of people are they? What makes them travel over hundreds and thousands of kilometers in search of work while in their native city, settlement or village there are announcements offering work to anyone who wants it?

Work in seasonal brigades is advantageous for members of these brigades. During his vacation an engineer earns a sum that amounts to half of his annual salary at the place of his main job. In essence this also determines the composition of the brigades. These are the main categories of city dwellers from whom mainly summer, seasonal brigades are formed for several months: engineers, scientific workers, students, teachers, that is, representatives of mental labor.⁵ Workers and employees are less frequently members of these brigades. One can hardly agree with the current opinion that for shabashniks seasonal work is a kind of a change in activity, almost a hobby. Because the desire for this change is experience, as a rule, by people who have recently completed VUZes and whose salaries in the place of their permanent employment are no more than 140-150 rubles a month. Moreover, the majority of these are men who already have families. Frequently they do not have their own housing yet and are renting apartments. All this causes a critical need to augment the family budget.

For example, the average age of members of eight brigades we know of which were formed and travel out of Kiev is about 30 years. The members are not only from Kiev. Usually they are graduates of the same VUZ who have come from various cities and sometimes were students in the same department and took the same courses. The basic composition is stable. The work tenure and seasonal brigades for many reaches up to 10 years from the time they completed the VUZ. People leave the brigades as they "advance" in the place of their main work, receive more wages, and receive housing and conveniences for life. The brigades go mainly to the north, Siberia, and Kazakhstan. They prepare for the work ahead of time and each prepares his own instruments. The question of the reason for going to the "distant regions" which researchers ask the seasonal workers confuses them, since this has to do with obvious things.

But now let us take a look at who goes for seasonal work from rural areas, how, and why. According to the data of a questionnaire we conducted in conjunction with the division for labor of the Ivano-Frankov Oblast Soviet of People's Deputies in villages with the largest numbers of people departing for seasonal work, the majority of those who leave form their brigades independently and arrange contacts with the managers of the businesses and enterprises where they intend to work. Only 8 percent of them have received information about the need for labor force through the labor placement bureaus. In response to the question of what motivates them to go outside the oblast and republic for seasonal work, 54 percent of those questioned indicated the desire to increase their earnings. To the question under what conditions they would stop their travels, 48 percent of those questioned answered: if there were work with better organization and payment; and 17 percent—improvement of working conditions. Of those who were questioned 26 percent noted that they would not travel for seasonal work if there were permanent work for them in their place of

residence. It cannot be ruled out that it is simply more convenient for these people to explain their nomadic way of life with a stereotype that has become established in public opinion. Most frequently they do not find the work they desire in the vicinity, but they could find some kind of work.

Members of brigades forming in rural areas, as a rule, are specialists in many things: one worker might be a stonemason, a carpenter, a plasterer, and a cabinet maker. They can construct fairly complicated and sometimes unique structures made of any construction materials with any design. (It was quite natural that in their place of residence they will not find work that corresponds to their qualifications and expected remuneration.) Many of those who sign up for seasonal brigades intend to increase their earnings for construction or repair of their own home or subsidiary premises, or for the development of their own subsidiary business. As a rule, this is an active and hard-working segment of rural workers. Seasonal workers from rural areas are usually older than city workers (there are more people among them who are 35-40 years of age and older).

Work in the seasonal brigade sometimes makes it possible for the worker to manifest his abilities to the maximum degree since they are not degraded here. He is directly involved in the creation of the prepared product which for many people is more attractive than performing a monotonous operation or function.

Is It Possible To Do Without Shabashniks?

Does this form of utilization and redistribution of labor resources hold promise for the future? Of course not. Although within the framework of the existing management mechanism the utilization of the labor of seasonal workers is economically justified, it entails significant social outlays. As is already noted, the availability of free working hands (including those of seasonal workers) impedes improvement of the organization and growth of labor productivity, effective utilization of labor resources, and the introduction of labor-saving technologies. For permanent "staff" workers, having seasonal workers nearby can cause a feeling of vexation and generate distorted ideas about socialist principles of distribution according to labor.

The labor activity of shabashniks is devoted exclusively to solving economic problems and toward satisfying the basic material needs. Improvement of the way of life, phrasing the educational and cultural level, and developing personal qualities remain in the background. A person is placed in conditions or is educated in such a way that he must make a choice in favor of material factors.

Both city and rural shabashniks are taken away from their ordinary concerns and surroundings for a time of from several months to a half year. The routine of family life is disturbed. After all, can a lack of communication

with the father not affect the children? As concerns rural families, in the absence of the husband and father a considerable share of the labor on the private subsidiary farm places an additional burden on the shoulders not only of the women, but also of minors. And, after all, this is heavy, really man's work. For children and adolescents this is not an education, but a test of labor.

As we have already noted, working conditions for seasonal workers are far from normal. The price of the high "final results" is intensive, fatiguing labor. It is generally known that the work time of seasonal brigades is all hours of the day except for brief breaks for sleeping and eating. A work day lasting 10-11 hours was reported by 27 percent of the members of the brigade who went from Ivano-Frankov Oblast, and more than 11 hours—by 54 percent.

Living in temporary or unsuitable conditions which are hastily equipped and frequently do not meet sanitary norms for residential premises, the corresponding temporary medical service, and sometimes the same kind of food cannot but have an effect on the health of the shabashnik. Under these conditions the more active and ambitious of them have no time for rest. In the majority of cases the shabashnik tour means complete isolation from the external world, from the events that are taking place in the country. Nobody writes newspapers "for the season" and the workers do not have the time or opportunity to see or hear radio or television broadcasts. According to the data of our questionnaire, about 4 percent of them had the opportunity to listen to the radio and watch television programs every day, and 37 percent—periodically. Members of seasonal brigades do not participate in public work and only 5 percent of those questioned perform interseasonal social duties in their place of residence.

And, finally, the real anachronism is the utilization (although temporarily on an unplanned basis) of highly qualified specialists (engineers, graduate students, probationers, scientific associates) for less skilled work that is inappropriate for them. This is an irretrievable waste of part of our society's intellectual potential. It would be more useful if these specialists devoted the time spent on "shabashnik" work to improving implements of labor, technology and organization of production or if they were to advance scientific and technical progress. Or it would be better if they were to rest normally during the time of their vacation. But it turns out that today it makes no difference to us how some of our specialists utilize their vacation. Is this not because during their main work their efforts are used with such indifference and so ineffectively? Possibly it would be more productive both for the society and for the engineer himself if he were granted the opportunity not simply to be registered on the staff or to "work" on it for 120-140 rubles, but to be registered professionally, and perform his functions in keeping with the training he has received and receive fair wages?... Even if some specialists have not learned enough in the VUZ, if they have enough knowledge and

if during their time off and vacations they study and direct their efforts toward augmenting their knowledge in order to reliably perform the work entrusted to them. And they would not go on vacation over hundreds of kilometers in order to augment their budget and injure the semiatrophied muscular system and waste their intellectual potential which is not used in their basic work.

Under what conditions could business managers do without assistance from seasonal workers? Above all with sufficient working hands locally. But it seems that there are not enough of them. But if improvement of the organization of labor, introduction of labor savings technologies and the introduction of the labor of specialists with higher education that is associated with this were better stimulated than now, this would make it possible to release labor resources more actively and make do with a smaller number of working hands while increasing labor productivity and redistributing the work force more effectively. This is precisely the way to create conditions whereby there will be no need for seasonal earnings or for "shabashnik" work force.

In the worst case as an intermediate measure one could permit an engineer or other specialist to work at half pay or one-quarter pay at another job—a night guard, in a service job, and so forth. Any work can be permitted outside of work time. But up to this point numerous restrictions and instructions make this impossible for a person with a secondary education.

Interesting in this respect are the figures from Estonia, which is not one of the main suppliers of seasonal workers. Here there is a widespread practice whereby people can earn additional money in their free time by performing certain work for organizations or institutions (61 percent) or private individuals (39 percent).⁶ While an average of 10 percent of the urban population has additional earnings, for the intelligentsia this indicator is 23 percent. As Kh. Khansen notes, the ones who earn additional money, as a rule, are those whose general educational and professional training are higher than average but the earnings are lower and they have more children than average. The proportion of these people is greatest in the age group of 25-39 years. In terms of their orientation toward material well-being and activity on the job they are the same as all the rest. Is it not true that in terms of their basic description these people are similar to the ones who enter seasonal brigades? Perhaps the reason why Estonia does not "deliver" shabashniks is that here they are concerned to make sure that people who wish to augment their incomes can do so without leaving the city or village?

If a person is permitted to work at full force in his basic position and he is paid for the quantity and quality of work he has performed and not for participation in it, this, in addition to other things, will create conditions whereby it will finally become possible to determine the

actual and not the mythical need of enterprises, construction projects, kolkhozes, and institutions for labor resources and to calculate their quantitative and qualitative parameters. Only then will we also know whether in general there is a surplus or shortage of labor resources in our national economy as a whole, and in individual branches, regions and oblasts. And if indeed there are regions with a surplus of labor and regions with a shortage of labor resources, it would be possible to develop a policy of interregional distribution of them which would correspond not only to management and economic goals, but also the interests and the vital needs of those workers who have expressed a desire to move to other regions.

From all that has been said above one can draw the conclusion that the reasons for the existence of seasonal brigades lie in the imperfection of the economic mechanism. And it is necessary to approach an overall evaluation of this phenomenon not so much from the standpoint of today's advantage, but, while being aware of this, one should evaluate this in terms of the degree to which this phenomenon corresponds to our ideas about tomorrow's economy and the future of the society. And then one should recognize that this form of utilization of labor resources, even with today's economic productivity, does not agree with the principles of socialism as a social structure and its basic goal—the creation of conditions for the all-around development of the individual. For an individual here acts only as a means of solving economic problems. But it is necessary to coordinate the solutions to economic problems with the goals of the social development of the society. And it is necessary to fight against shabashnik labor not by administrative and legal measures but by the purposeful creation of economic and social conditions whereby it will cease to exist.

Footnotes

1. Brovin, A., "Seasonal Brigades: Pluses and Minuses," *SOTSIALISTICHESKIY TRUD*, 1983, No 10.
2. *KOMMUNIST*, 1985, No 12, p 73.
3. "Employment: Shortage or Surplus?" *KOMMUNIST*, 1987, No 2.
4. Zaslavskaya, T. I., "The Human Factor in the Development of the Economy and Social Justice," *KOMMUNIST*, 1986, No 13.
5. Brovin, A., op. cit., p 79.
6. See: Khansen, Kh., "Prirabotok i yego sotsialno-ekonomicheskiye problemy. Sotsialnaya struktura, trud, svobodnoye vremya" [Additional Earnings and Their Socioeconomic Problems. Social Structure, Labor, Free Time, "Tallinn, 1975, pp 112-129.

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Job Resettlement For Laid-Off Workers Addressed

*18280092 Moscow EKONOMICHESKIYE NAUKI in
Russian No 6, Jun 88 pp 29-34*

[Article by Igor Yefimovich Zaslavskiy, candidate of economic sciences and head of a sector of the Manpower Resources Department of the NII [Scientific Research Institute] of Labor: "The Problems of Releasing, Retraining and Resettling Personnel Under the New Management Conditions"]

[Text] The problem of efficient employment holds a special place among the many problems which require a "new reading" and reinterpretation under the conditions of the radical restructuring of our socialist society. There is now no need to prove that socialism does not provide for such employment automatically, under the influence of its objective potentialities, by any means, but only as a result of continuous intensive efforts. Their orientation under the current conditions of our country's development, particularly when the process of a major regrouping of workers is gaining momentum, is indicated in a decree especially adopted by the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU.¹

One of the most important consequences of intensifying the national economy and reinforcing full cost accounting is the release of surplus workers from enterprises that are in operation. At the same time, there can be no discussion of allowing unemployment in our country: "...socialism is a society of social guarantees... The principle of the individual's social protection has been consolidated in our laws and borne out in practice for many years."² The objective is not only to maintain full employment; it should become more efficient, and this entails systematic redistribution of workers among production facilities, sectors of the national economy, and regions of the country in conformity with structural shifts and the disposition of productive forces. This redistribution cannot be conducted automatically, however. As a rule, a considerable number of workers and employees that are released need to be retrained, taking their training, capabilities, and requests and public personnel requirements into account.

We must proceed from the assumption that the process of regrouping personnel is not a short-term phenomenon by any means. It will grow to the extent that restructuring and the different shifts in the national economy associated with it—intersectorial, intrasectorial, regional, vocational, and other shifts—are carried out. This process has not left its initial stage yet thus far. At many processing industry enterprises which are engaged in personnel regrouping, the proportion of workers that have been released has not even reached 2 percent, and these persons were either low-skilled or of preretirement age. Redistribution of the labor force has been taking place

basically within enterprises. Under such conditions, the release has actually not been of substantial importance for development of the national economy as a means of covering the personnel shortage. In the country's industrial regions, where there are a large number of vacant work places (especially in the mass occupations), there have been no substantial difficulties in job placement. On the contrary, the shortage of personnel that is making itself felt often has led to the point where they are secured by actual payment of unearned money, that is, in spite of the principles of socialism.

Experience shows that the expansion of full cost accounting has already begun to change the personnel regrouping situation appreciably. Introduction of the procedure under which enterprises' own funds serve as the source of wages is inducing labor collectives to release unneeded personnel. The number of persons really released at enterprises already amounts to an average 5 to 7 percent of the number who are employed. It is also important that the pattern of personnel being released has begun to reflect the existing overall pattern of employment.

Thus, according to data from a survey conducted by the Scientific Research Institute of Labor, men (approximately 60 percent) and workers from age 20 to 49 (over 70 percent) predominated among the workers and employees that have been released. Roughly half of the workers released had a general secondary education, over one-third had an elementary and incomplete secondary education, and more than one-fifth had a secondary specialized and higher education. A considerable number of those released were experienced workers: half of them had 20 years of more of labor service, about 12 percent had 15 to 20 years of service, roughly the same number had 10 to 15 years of service, and 16 percent had 5 to 10 years of service. Approximately 9 percent of the workers had 1 to 5 years of service, and only 1 percent of the workers were beginners, that is, those who had not worked for 1 year in the national economy. However, more than half (51 percent) had worked at a given enterprise for less than 5 years.

Those engaged in mass occupations predominated among the workers released. At machine building enterprises, these are lathe operators, fitters, grinders, welders, and so forth; in the chemical industry, these are equipment operators, fitters, and compressor operators; and in railroad transport, these are locomotive engineers' assistants and fitters.

A survey of the workers who changed their place of work indicated that the workers released were asked mainly to transfer to other sections of a production facility in their occupation (specialty) or to change it when another work place was assigned; significantly less frequently, they were asked to try to find their own place of work, to retire, to take advantage of a transfer to other enterprises, or to turn to the job placement bureau. For this

reason, most of the workers had the opinion that they may be able to work in the same enterprise, although probably with retraining, with continuation of the release processes. Many persons were interested in this solution of the problem: older workers (especially women who have steady social contacts with an enterprise); residents in small towns and settlements who have a very limited sphere of application for their occupation at their place of residence; and persons who are reluctant to change the labor collective to which they have become accustomed.

Less than 15 percent of those polled (highly skilled workers, as a rule) expressed their readiness to transfer in the event personnel are released at other enterprises, if they need to retain the existing earnings and a job in their specialty; moreover, they also consented to familiarization with an additional specialty at the same time. Only about 5 percent expressed the desire to move to another locality (city) because of prospects for growth and advancement in production and work in their chosen specialty (this group is made up, mainly of young workers and specialists).

The release and job placement of engineering and technical workers at a new place of work have been more intensive with enterprises' shift to the new wage conditions. Thus, the proportion of specialists and employees released at a number of enterprises in Moscow Oblast reached 90 percent of the total number of workers subject to job placement at other enterprises. A rather high proportion of persons of retirement age (27 percent) were discharged at these same enterprises because of staff reductions.

A considerable number of those being released considered the staff reductions as a simple dismissal by the administration, especially if they turned out to include those who had violated labor discipline or workers less protected with respect to employment guarantees (temporary workers, working pensioners accepted in accordance with the limit, and others). Among the workers who changed their place of work in the release, 57 percent were given notice of dismissal 2 to 3 weeks beforehand and only 4 percent were notified 2 to 3 months in advance, as stipulated by the standard arrangement. This situation complicated the selection of a work place independently: more than 20 percent of those released and subject to job placement had not been working for more than 2 months, and two-thirds of them were placed in the final analysis with the help of the job placement bureau.

The problems which arise in the release and reassignment of workers are objective in nature to a large extent, reflecting the process of transition from an economic operation that is primarily extensive to one that is basically intensive, from formal cost accounting to actual cost accounting. The system of organizing wages which was developed at the majority of enterprises oriented the workers not so much toward vocational and

skill advancement (with a possible transfer according to the requirements of the national economy) as toward an extended stay in a given labor collective, and not only in a large one (an enterprise), but in a small one (a shop, section, and so forth) as well. Allocation of housing, travel authorizations and other benefits depended primarily on length of service, which determined a person's status in the collective to a large extent. This situation was essentially one of the manifestations of the extensive factor's predominance over the intensive factor.

The procedure for regulating personnel transfers and workers' material and moral incentive which took shape during the period of extensive development of the economy, which was basically intended to attract and retain them at enterprises for a long period of time without any substantial change in the work, now is in need of radical changes, and this changes the job placement situation; for this reason, "in conformity with the decisions of the June 1987 Plenum of the CPSU Central Committee, it is planned to establish a statewide system of job placement, retraining, and vocational orientation of the population, covering all rayons, cities, oblasts, krays and republics."³

In order to picture the complexities of this system's operation, we must take into account that they are increased particularly with the intensified release of workers who cannot easily be placed in a job far away. This involves chiefly the ITR's [engineering and technical personnel] and employees whose work places are eliminated where management of the national economy is improved, persons of preretirement or retirement age, and residents of small settlements. The changing vocational and skill, sectorial and regional patterns of employment cannot help but have an effect here.

Often vacancies similar to the released workers' previous work are practically nonexistent and it becomes necessary to change their type of work to one extent or another, to retrain them, to complete their training, and sometimes to transfer them to work a great distance from their place of residence, which involves other complications and inconveniences at first. They can be reduced to a minimum with achievement of the best national economic results at the same time if the organs engaged in job placement completely renounce the lethargy that has developed for years (everything has been reduced to providing information found in the job placement bureau on position vacancies) and take an active position in the interests of both the national economy and the workers who are changing their place of work.

In the country as a whole, there are an average of three or four vacancies for every person who applies to the job placement organs. Nevertheless, it cannot be said that day-to-day job placement is being provided for all citizens in accordance with their vocations. The point is that systematic management of manpower resources has not been organized yet, although there is already positive experience in this area.

For example, in the Latvian SSR job placement bureaus have been set up in all rayons, including rural rayons. They provide extensive information on available work places, keep track of employment of the able-bodied population, and carry out directed work on this basis to draw specific groups of persons into public production who are not employed in it. As a result, an average of 4 days are spent on job placement with the bureau's assistance, compared with 20 days when a position is looked for independently. This makes it possible to carry out the work with released workers in a more organized and planned manner. Thus, with the bureaus' help, half of the workers discharged from railroad transport enterprises with the shift to the new management conditions were placed in a timely manner in the available jobs and positions that were made known in advance (compared with 15 percent in the Belorussian SSR). At the same time, a reserve of personnel for advancement (supervisors and specialists) is being formed at the bureaus, taking into account the prospects for production development and the availability of appropriate vacancies, and personnel services are turning to this more and more frequently.

Under restructuring, the territorial centers for job placement, retraining and vocational orientation are becoming the basic nucleus of the country's existing job placement system. An interlinked and developing network of multiple-function employment centers and job placement bureaus is being established. Under current conditions, their activity is being concentrated on the following basic tasks: organization of employment record-keeping and movement of the able-bodied population; the creation of data banks on the requirements for and sources of manpower; providing the population with extensive information on personnel requirements and available work places (taking the requirements of different population groups into account); conducting job placement work for the unemployed population, as well as for workers being released who selected their work place beforehand until cancellation of a labor contract; vocational orientation work and consultations for all groups of the population; and organizing increased skills and retraining for workers when necessary.

Forecasting of employment and developing spheres of application for labor under the new economic conditions are assuming more and more importance. Such forecasting will make it possible to shape a system of appropriate territorial balances in manpower resources at the basic levels of management—the city (rayon), oblast, and republic. At the same time, the adoption of sound decisions on the establishment and improvement of work places in accordance with the labor requirements of different population groups and the development of a personnel training and retraining network, as well as the systematic territorial redistribution of manpower resources and simplification of the forms of employment, will prove to be possible.

Payment for manpower resources, which provides incentive to release unneeded workers and to conduct an

economic operation with less personnel, is an important element in enterprises' new economic mechanism. At the same time, the expenditures associated with the redistribution, retraining, reorientation and job placement of workers objectively becomes part of the public expenditures to provide for efficient employment. For this reason, it has been stipulated that part of the funds assigned by enterprises to local budgets for the manpower resources being used may be spent for financing appropriate operations conducted by employment centers and job placement bureaus. This arrangement extends the sphere of job placement organs' cost accounting by taking territorial requirements into account.

Among the new tasks facing planning in connection with the processes of regrouping manpower resources, we can include closer coordination between the development of public production and the allocation of productive forces and ensuring that the national economy's requirements for manpower resources are met with the release of workers which result from increased work efficiency by the enterprises in operation. It is important not only to determine the priorities, directions and volumes in the systematic redistribution of manpower resources in accordance with the implementation of comprehensive special-purpose programs, structural shifts in the economy and the investment policy being carried out, but to provide for application of the appropriate social and economic standards under the conditions for restructuring management of the national economy.

With the transition to planning production resources on the basis of economic standards, the directive distribution and redistribution of manpower is declining. Extensive development of the national economy was responsible for a mass influx of workers at newly established production facilities and new work places. For a long time the functioning of the directive system which existed to regulate the labor force ensured that enterprises and organizations were replenished with young specialists and workers under a system of state distribution and that requirements for additional manpower resources were met by means of planned recruitment and organized territorial placement of personnel. Organized recruitment, agricultural resettlement, and the public appeal are becoming forms of job placement and redistribution of released workers more and more now. At the same time, these forms should be added to the enterprises' system of cost accounting and should take into account the new methods of attracting and utilizing workers, which have to involve more extensive use of progressive forms of contracting in construction, agriculture, and industry, including on an individual, family and cooperative basis. Later on, a systematic exchange of skilled personnel may be made part of the system for interregional exchange of production resources and labor activity on this basis.

In the process of regrouping the labor force, a closer relationship between workers' wages and their skills and level of vocational training (when they are achieved in

public production, of course) and between the benefits and compensations granted to them when they are released and their retraining, territorial relocation and organizational job placement are assuming more and more importance. Improvement in conditions and the introduction of flexible norms for social insurance and the provision of pensions for workers being released can also help to speed up the regrouping of the labor force. The application of social standards in the area of housing and living arrangements and social and cultural development at enterprises and new construction projects will make it possible to better accommodate reassigned personnel in the regions of new economic development with the aid of systematic procedures.

The formation of a mobile reserve of personnel in the national economy and the need for its systematic redistribution among sectors and areas of the economy depend on the efficient shifting of manpower resources at enterprises. Systematic retraining of workers to perform new production tasks ahead of time may become the basic method of forming such a reserve. Some of the released workers must be shifted from the production area to training here, and additional expenses are required in this connection, of course. We cannot help but take into account that when a considerable number of workers are released, the problems of job placement and redistribution of those groups who are less mobile in the social, labor, and territorial aspects of employment—women with young children, unmarried mothers, working pensioners, and elderly workers—will be intensified. For various reasons, all these categories of workers are not very suitable for retraining. So that we do not develop a labor force that is immobile, we obviously need to extend the social guarantees of employment for it and implement a number of specific social and economic measures aimed at meeting the requirements of precisely these groups of workers at the same time. For example, granting longer vacations for working women raising children, mothers with large families, and unmarried

mothers, and developing special forms of employment to fit their needs in work places, including work at home, part-time work, work under a convenient schedule, and so forth may be timely and efficient in all respects. In a number of cases it would obviously be justified to extend the opportunities for labor veterans' early retirement when they have completed a specific period of service. Development of cooperative activity and encouragement of individual labor activity, taking the characteristics of forming and utilizing manpower resources in regions of the country with surplus labor into account, may become one of the ways of accumulating a reserve of released personnel at enterprises.

Providing for full and efficient employment, which is understood as regular and socially directed release, retraining, redistribution and placement of workers, is the logical and consistent form of state regulation of the structure and increased effectiveness of social labor. The welfare and social development of workers are increasingly becoming the conditions for realizing the progressive structure of change in social production.

Footnotes

1. "In the CPSU Central Committee, the USSR Council of Ministers and the AUCCTU," PRAVDA, 19 January 1988, p 1.
2. M. S. Gorbachev, "Revolutionary Restructuring, the Ideology of Renewal." The speech at the CPSU Central Committee Plenum on 18 February 1988. The decree of the CPSU Central Committee Plenum, Moscow, 1988, p 25.
3. "In the CPSU Central Committee, the USSR Council of Ministers and the AUCCTU," PRAVDA, 19 January 1988, p 2.

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ORGANIZATION, PLANNING, MANAGEMENT

Enterprises Do Not Use Ivanovo Toolmaking Association's Methods

18230073 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 10 Aug 88 p 2

[Article by SOTSIALISTICHESKAYA INDUSTRIYA Correspondent V. Roshchin: "What I Have May Not Be Much, But It's Mine—A Look at the Problem of Opposition to the Ivanovo Toolmaking Association Experience"]

[Text] Three years ago Yu. Starostenetskiy, sector chief of the Minsk Special Design Office for Broaching Machines, was sent to Ivanovo to study the experience gained by the Ivanovo Toolmaking Production Association. He returned from his trip full of enthusiasm over what he had seen.

This trip produced recommendations and proposals for adopting the Ivanovo methods, which were sent out in the form of a brochure to enterprises of Glavstankolimpiya (presently the NPO Stankolimpiya). Alas! Response by managers was disappointing: only a very few return cards were received from them. Since that time the engineer has not witnessed any attempts to work in the Ivanovo manner in the machine tool plants he has visited. The machine builders have not accepted the best examples of work organization! Why? The originator of the recommendations, Yu. Starostenetskiy, discusses this with our correspondent.

[Correspondent] Yuriy Aleksandrovich, in previous articles written on this subject, one of the obstacles cited was lack of an economic advantage relative to adopting the experience and projects offered by the Ivanovo people and to expansion of cooperative ties. However, it seems to me that this position indicates nothing but self-satisfaction and inertia. This is a way of covering up dislike for taking on an additional burden.

In this connection, help from the leader in the matter of producing competitive machine tools is like a gift from heaven. It would seem that refusal to accept such help is nothing less than absurd.

[Yu. S.] It is a paradox pure and simple. Our recommendations were sent to 17 plants. Half of them did not respond at all, presumably because they were not interested in information on the experience. However, those that did reply, with the possible exception of the Kiev Automatic Machine Tool Plant, felt that the Ivanovo methods do not suit them.

In the ISPO [Ivanovo Toolmaking Production Association], for example, the traditional and mandatory steps followed in machine tool development and implementation were dropped. There the manufacture of assemblies

and units starts as soon as the documentation is completed, with the major advantage being time. Nevertheless, many people claim that this method is not universally applicable; they place the "unacceptable" stamp on it. Just try to start production with incomplete documentation in our organization—the Broaching and Cutting-Off Machine Production Association—and a fine is levied straightway. The old procedure: draft stage—detail stage—working drawings—is strictly followed... Everything is done separately.

[Correspondent] I have just returned from the Gomel Toolmaking Plant imeni S. M. Kirov. They have great confidence in employing the assembly method of project assignment and in developing and testing of modular units on stands. There is no question but this increases the degree of risk: An error detected at the end of the production phase is much more costly. But awareness of the risk raises the responsibility of the people doing the work. So in the long run there is a distinct advantage. Gomel designers told me openly: Many thanks to our Ivanovo colleagues for the lesson. The time required to develop and start production of new models has been halved on the average. This is sufficient reason for taking a risk!

[Yu. S.] Unfortunately, there are very few such cases. Lack of acceptance of the new approach is still the general rule. We do not have to look far for examples. The Minsk Transfer Machine Production Association also has a negative opinion of the ISPO integrated method. Incidentally, references to the need for some kind of special manufacturing equipment are without merit: The building-block machines are 70 to 75 percent standardized, as a rule. In other words, the obstacle here is nothing less than psychological.

There has also been lack of support for a number of other valuable suggestions, particularly the borrowing of Ivanovo technologies. In our organization there are many examples of designers acting in opposition to technologists. The former set maximum requirements on quality of product manufacture and assembly, while the latter are more interested in working on a project "without perspiring," with minimum labor input, making some kind of references to limited capabilities. This attitude often exerts a decisive influence. In Ivanovo this kind of opposition was successfully channeled into creative collaboration, with designers and technologists working side by side at the Kuhlman drafting units.

To achieve this, the machine builders accomplished several original tasks. One was their implementation of a numerical control system for machine tools - the Takt-3, for friction welding. They manufacture several hundred different articles using this method. It is hardly new, but it would be extremely useful to have the Ivanovo people give lessons on how to apply it.

[Correspondent] Yuriy Aleksandrovich, what is the real reason for nonacceptance of the new, for rejection of an obvious advantage? Perhaps you, with your being "on the inside," can see the cause of this lack of progress more clearly...

[Yu. S.] There is more to the problem than meets the eye. Decades of experience have produced a stereotype of performer who follows each instruction to the letter. You will agree with me when I say that there are not many bold spirits who will ignore standards and take the difficult and often risky route of the pioneer. Who wants to beat his head against a wall? The Ivanovo phenomenon? So it is a phenomenon, an exception to the rule. Is this cause for becoming excited and sticking your neck out? This is how the majority feels.

And, unfortunately, the main argument along the lines of this logic: The machine tools may be obsolescent, but they are being taken away anyway. Forcefully. No matter that the consumer may be one of us—domestic—or of the "underdeveloped" category. They are still being taken away with the request: "Give them up!" So why break your lances?

I am against idol worship when it comes to the Ivanovo people. But you cannot deny the truth: Only leaders such as V. Kabaidze are able to break through this kind of thinking. This director was the first of many others to realize that we cannot continue to work in this manner. He found persons who agree with him and turned the situation around. Regardless of what may be said there about his methods, the ISPO has achieved results. These are results recognized by the world. This stands out today as a landmark in our toolmaking.

[Correspondent] This landmark continues to serve as a magnet, a point of reference for farsighted and intelligent managers. An example of this is once more the Gomel Toolmaking Plant imemi S. M. Kirov—one of the few branch enterprises deciding to set up official contact with the Ivanovo people. What motivated them? In the beginning of the 1980s they set a goal for themselves: Move away from simple slotting machines and install a more complex and scientifically based production system. Make a giant stride instead of several small ones, figuratively speaking. They could not accomplish this with their meager resources.

They went to Ivanovo and purchased the IP-500 finishing machine project. They paid 40,000 not for the drawings but for the concept. And within ten months they were masters of machine tools which had been new to them. Interestingly enough, the Ivanovo project, which they utilized without making any changes whatsoever, forced them to tighten up considerably the enterprise's design and engineering base. The technologists were required to work up perspiration and discontinue the habit of revising design solutions, to look for ways to

transform designs into metal. Their personnel learned how to handle electronic systems. Experts from the chief designer's office spent a total of 200 man-days on trips to Ivanovo.

And yet another typical aspect. The Gomel people employed the Odessa SKB [Special Design Office] project to start production of vertical finishing machines and now, in collaboration with Ivanovo designers, are setting up adaptive systems, which have already been shown at international fairs in Hannover and Manila. Their equipment attracted the attention of prestigious foreign firms.

The question is: Was there an economic advantage for the Gomel people to set up a partnership with the Ivanovo and Odessa people? They give you a straight answer: There was none then and there is none now. There was a raw need to raise product quality to a competitive level, to that produced elsewhere in the world. In the shortest possible period of time. And they took advantage of the leader's help.

[Yu. S.] Let us say that they are now able to stand on their own feet. It is possible that the Gomel people no longer need to maintain close contact with Ivanovo. Thinking along these lines, they are second to none. But let us not play a guessing game. Of greater importance is making more progress, in finding mutual economic interests, in cooperative work. With the burden of a system whereby we in toolmaking consume our own products, acceleration is impossible and unthinkable. Kabaidze is quite right when he says that.

[Correspondent] That goes without saying. Why, for example, don't the Gomel people set up cooperative ties with the ISPO? Both associations manufacture hundreds of finishing machines that are highly standardized. In Gomel I put that question to General Director Grigoriy Mikhaylovich Kazakov. Do you know what he said? Yes, there was such an agreement offering mutual advantages; an arrangement was made with the Ivanovo people. The Belorussians took on the obligation of equipping their machine tools with cross tables, while the other party agreed to install imported control systems. The Gomel people made good on their delivery to Ivanovo, but were not furnished the systems. The reason for this, as is known, is the inadequate supply of these systems the Ivanovo people have for their own use.

[Yu. S.] The problem obviously cannot be reduced to a mere dislike for cooperative work. As long as there is an unbalance in material and technical supply plans, an absence of wholesale trade and deliveries, arrangements often do break down. Managers' instinctive urge to continue manufacturing products for internal consumption only will not go away. And attempts to point out the advantages of cooperative work are apparently futile. Everyone tries to protect himself: What I have may not be much, but it's mine...

[Correspondent] There is another fly in the ointment as far as cooperative work is concerned. Let me cite an example. It seems that an attempt to organize a mutually advantageous coalition of three tool makers—in Gomel, Sterlitamak, and Molodechno—fell through because of a jump in price of finishing machines. According to G. Kazakov once more, it rose to 180,000 rubles, causing the consumer to terminate negotiations, saying: "You are heartless, tool makers!" Really, not everyone can afford such an item. In accordance with the rules of the existing pricing system, the price of the machine increased by the amount of profit plus overhead of each of the partners. A graphic illustration: After turning down the offer for cooperative work, the Gomel people lowered the price to 95,000 rubles.

There obviously is a reason why few people within the branch cast their vote for cooperative work. It is another matter to set up ties to foreign firms, earn foreign exchange, and resolve the particular problem by applying electronics.

[Yu. S.] But it is first necessary to rise to the level where you will be noticed, where you cannot be ignored. We

must once more have a look at the Ivanovo people's experience. In this manner we will be guided as to how to do this, how to break out of the vicious circle of "catching up."

Cooperative work development undoubtedly brings on problems. But there is an alternative. We cannot possibly achieve a high professional level if everyone is a jack-of-all-trades. Enterprises literally do their utmost to assert their independence, littering their production with products which are peculiar to specialized plants. It is said that many producers are grinding out as best they can for their own use electronic parts, antifriction polyester bearings, bolts, nuts...Extremely poor management, nothing less.

Lack of faith in a partner and skepticism are knocking enterprises off the road to economic independence. It seems to me that the branch has a need for some kind of coordinating system—brain centers, which could act as a manager to orient technical development in a more precise and effective direction. It is possible that in the future there will no longer be a requirement for this kind of manager. But not at present.

13005

CIVIL AVIATION

Interview with Minister on Aeroflot Performance
18290159 Moscow IZVESTIYA in Russian
11 Aug 88 pp 1-2

[Interview with A.N. Volkov, USSR minister of civil aviation, by V. Belikov under the "One Year Later" rubric: "It Is Not So Easy to Gain Altitude"]

[Text] A year ago IZVESTIYA [No 214, 1987] published an interview with A.N. Volkov, USSR minister of civil aviation, entitled "We Need to Gain Altitude." It became a kind of platform statement by an industry leader, who not long before this had become the head of the country's air transportation system. The domain which he came to preside over was enormous—the largest airline company in the world, which annually carries about 120 million passengers—but, as the newspaper article noted, "behind the attractive Aeroflot sign, a whole sea of problems—economic, social, and moral—had accumulated."

What has been done in the months since then? What does the sector need for its own development? What directions have been determined to be top-priority? This was the subject of a conversation with the minister of civil aviation, which took place at the very height of the summer travel season, when air transport problems are particularly acute and attract the attention of millions of people.

[Question] To fly quickly and with a minimum of fuss—that is what all passengers want, as well as all airline personnel, especially since they began working under the new economic conditions; beginning this year they earn all their funds themselves. Where, then, do the long lines at the airline company cashiers come from? Why are the airport waiting rooms filled to overflowing? Why are aircraft standing idle now at the very height of the travel season?

[Answer] Of course it is impossible to resolve within a year all the problems which have accumulated over decades. This summer, for example, we have to a significant degree relieved the seasonal pressure on the air routes which link Chukotka, Kamchatka and Magadan Oblast with the center of the country and the resort areas. We have taken account of the fact that for the remotest regions aviation is essentially the only form of transportation.

This year a significant step has been a program which is being carried out jointly with the soviet and economic organs to ensure air transportation for the residents of the Kamchatka and Magadan Oblasts; specifically, this program provides for the scheduling of vacations to take account of Aeroflot's transport capacities. On the basis of applications, which were collected in advance and which were processed at one of our computer centers,

vacationers and their families have been granted guaranteed round-trip air tickets. Three hundred fifty thousand people have taken advantage of this new form for the organization of air transportation.

Next year we are planning to expand this method—which has proven itself successful—for the mass transportation of passengers across the air bridge between the Far East and the center of the country. We are proposing it to the residents of Sakhalin and the coastal area; in addition, the workers of Tyumen have displayed interest in it.

[Question] But in the European part of the Union, in the Urals, in Central Asia and in a majority of the regions of Siberia, the demand for airplane tickets this summer is not being satisfied; letters and complaints are coming in. What is the problem here?

[Answer] Specialists have calculated that every year Aeroflot turns away 15 million potential passengers. The situation is exacerbated still further by the fact that the overwhelming majority of these people want to fly—but cannot!—in the spring and summer, during vacation and school holiday times, which are the best times for tourism and travel. The reasons for the lack of available space, which have become chronic, are also well known; they include the shortage of aviation fuel, the lack of new and reconditioned engines to replace worn-out ones, delays in receiving the more economical airplanes; the Tu-154M, the Yak-42 and the L-610.

In last year's IZVESTIYA interview I said that if we had better equipment at our disposal, we could carry significantly more passengers with the amount of fuel which we have today. Last year I claimed that the missing 1 million tons of aviation fuel was being eaten up by the so-called "overburn" resulting from the imperfect engine designs of the obsolete but still usable types of jets. The fuel consumption of, say, the Tu-154 M is 20-25 percent less than that of its predecessor, the Tu-154B-2, which is the basic aircraft of the middle-distance air routes. But only a very few of the new aircraft are flying on Aeroflot routes today. Nor have we received a sufficient number of the Yak-42 aircraft for short-distance air routes. These two types of highly economical jets could "improve the weather" at Aeroflot today, but the aviation industry has provided us with only two-fifths of the number we expected. It is obvious that in the remaining years of the current five-year plan we will not be compensated for the airplane "debt," and it is not likely that the fuel supplies will be increased sharply...

[Question] How will you get out of this situation? The number of passengers, after all, will not decrease!

[Answer] We will continue to search for internal reserves. We plan to achieve some fuel savings through the utilization of more efficient systems for landing and turning, and where possible, better selection of aircraft for specific routes, as well as better flight preparation. In

the first half of this year alone we managed to save 26,000 tons of aviation kerosene due to these measures. With this fuel the Yak-42 airplanes will be able to carry an additional 160,000 passengers. But given our flight volumes, the calculations involve tens of millions of passengers, and it is clear that a fundamentally different approach is necessary.

After considering the acuteness and complexity of the problem, we began by calculating how many and precisely which aircraft we require for transcontinental and middle-distance air routes, as well as for short-range and local air routes. This was done with a long-range goal—to achieve gradually, by the year 2,000 approximately, the complete satisfaction of the demand for air transportation. Proceeding from our equipment requirements, we sat down with the aviation industry to study carefully its capacities; we established realistic deadlines for the production start-up of new types of aircraft and for their delivery to Aeroflot according to a precise annual schedule for the years of the next two five-year plans—the thirteenth and fourteenth.

We expect that in 1990 the aircraft manufacturers will begin the long overdue updating of the aircraft in the civil aviation fleet; this will include the mass production of the long-range Il-93 airbus, the Tu-204 middle-range airliner, and the Il-114 for short flights. The initiative of the Experimental Design Bureau imeni A.N. Tupolev, which proposed a quick start-up for the production of a new aircraft, the Tu-334, to replace the workhorse Tu-134, has received our understanding and support.

The reduction in the time frame for production start-up (about 5 years) will result from the fact that the "334" is essentially a smaller version of the Tu-204, which is ready for flight testing. The following are taken from the Tu-204: the cockpit, all the guidance systems and the shortened fuselage which has a passenger cabin with approximately half the capacity. Two economical engines are installed in the tail section. It is proposed that in the future they will be replaced with fundamentally new propeller fan-driven installations with low per unit fuel consumption.

Speaking directly, the prospects for the future are alluring because it has been decided to devote particular attention to improving the fuel efficiency of future airliners. It is time to move to the general world practice of improving and updating engines from year to year and from one series of passenger aircraft to another, lowering fuel consumption in the process.

[Question] Aleksandr Nikitovich, the gap between the "earth" and the air is another eternal problem of our aviation transportation. Can we count on changes here?

[Answer] Yes, you can, and I would even say that such changes are absolutely mandatory. They are a real necessity and not simply a noble desire, and here is why. The shift from the aircraft currently in use to the airliners of

the coming generation will require a significant modernization of Aeroflot's entire airport management structure, which is particularly backward in its development. During the "peak" summer season, some airports are operating at four to five times their capacity. It will be simply impossible to operate complex and expensive aviation equipment under such nearly extreme conditions. It is no accident that the Borispol Airport has already begun preparations to be the first to receive the Tu-204, and the Domodedovo and Sheremetyevo airports have begun preparations to be the first to receive the Il-96.

For more than half a year our specialists worked very hard on a development program for, to use the professional jargon, "ground facilities." It stipulated a 1.5-fold increase during the 13th Five-Year Plan in the investment in buildings and the renovation of runways, as well as in the installation of modern lighting and radio equipment, which ensure the regular movement of aircraft even under difficult weather conditions. Nor has the construction, expansion and renovation of air terminals been forgotten.

I would emphasize in particular the need to build large hangars for servicing the new aviation equipment. During my frequent meetings with general aviation designers they invariably emphasize that the aircraft which are being designed will be able to operate perfectly with no downtime or failures if the flight preparation is done under cover and not out in the open. One cannot help but agree with this demand.

A feature of our current Aeroflot "construction program" is that for the first time we have managed with the help of a breakdown by year and indications from specific contract organizations to coordinate the exact volumes of work—where, who and how much must be done, what the source of financing is and, most importantly, a strict schedule for completion of construction has been set. This was, speaking candidly, not easy to achieve, but it was worth it. The coming five-year plan calls for air transport to achieve 75 percent of the norm for airport buildings and other ground facilities, services and equipment.

[Question] Only three-quarters of the norm?!

[Answer] Do not be surprised: today the level amounts to an average of 50-60 percent of the norm, but for hangars it is only 19 percent. The growth planned for the five-year period will be very great if we are successful in fulfilling everything, but it is perfectly realistic.

[Question] One more "sore point": the level of passenger service at airports and on board. But so much has already been said about this!

[Answer] True, much has been said, but what has in fact been done to improve the service? I will cite a very recent example—a hotel for airline passengers, which we agreed

to build in Moscow with the Pan American Company. Our partners immediately searched for a foreign construction firm; they took it upon themselves to make all the payments to the firm, and later we are to reimburse the foreign currency expenditures of the Americans with our own services. A very interesting deal, as you see!

And here is another case: literally two steps from the ministry in which we are talking, there is a hotel complex which has been under construction for 10 years. It was supposed to be ready for the Moscow Olympics of 1980, but today it is still surrounded by a fence and builders are almost never seen inside. Note that this is taking place in Moscow, in view of the industry headquarters and in the face of a very acute shortage of hotel rooms in the capital, which our hotels would at least in part help to eliminate. It is not difficult to imagine how matters stand with hotel facilities at airports in other parts of the country.

We have high hopes for the renewal and development of the service sphere for airline passengers, and these hopes rest with ventures undertaken jointly with foreign entrepreneurs to operate hotels, navigation equipment, etc. This will help us to obtain foreign currency resources above what we are earning directly on international routes. Incidentally, the crews for these international flights will be recruited much more extensively from the country's transport administrations; they will not be limited to pilots from the Central Administration of the Ministry of the Armed Forces (MAF), who fly out of Sheremetyevo-2.

It is generally recognized that if the air transport business, especially international air transport, is managed well, it is extremely profitable. True, until recently we somehow did not have a serious appreciation of this fact. Aeroflot earns large amounts of foreign currency throughout the world. But it was permitted to use only two percent of profits for its own needs.

With the transition to foreign currency self-financing the USSR Ministry of Civil Aviation (MCA) will have at its disposal up to 86 percent of the income from international transport. Enterprises will have expanding opportunities to supply airports with modern imported equipment.

[Question] Beginning this year, as you noted, aviation enterprises are shifting to cost accountability (khozraschet), new tariff rates and new salary scales. In those places where these changes have already taken place, judging by the responses and the letters of complaint, there continues to be no way to use economics, and specifically the ruble, to influence personnel causing inconvenience to passengers. How can the "lever" of direct material responsibility for airline personnel be put into action?

[Answer] The initial experience of the aviation enterprises which are operating under the new conditions has shown that khozraschet is a double-edged tool. The wages of employees who are directly employed in providing service to passengers are raised in proportion to significant increases in the level of skills demanded. And a person who is directly responsible for delaying passengers or causing damage during the loading or unloading of baggage is punished by means of the ruble. At present we are studying the possibilities of introducing responsibility to passengers for flight delays due to technical causes, although these problems are often not the direct fault of Aeroflot. Collective material responsibility for poor passenger service will also be applied to airport employees.

At the same time I will not hide the fact that the introduction of khozraschet has created significant financial difficulties for many subdivisions. They are largely the result of that unsatisfied demand for air transportation arising from the shortage of fuel and equipment which I have already talked about. Aviation enterprises frequently cannot expand their operating volumes and therefore cannot obtain sufficient profits. In order to correct the economic indicators, "to make ends meet," they are forced to reduce the number of workers, or to put it simply, to economize on the wage fund. And, of course, it is not flight and technical staff which are affected first (every specialist is retained); the first staff reductions are felt by the air terminal personnel, who are in direct contact with the passengers. For example, the Domodedovo Subdivision has laid off 300 flight service workers, which means the work load of the remaining people, which is already high, has increased still further.

Clearly it is necessary to establish a new economic mechanism in civil aviation. Of course, there can be no talk of lowering—under any pretext—the standards for those who wear the Aeroflot uniform. Inattentiveness or rudeness to passengers cannot be tolerated. There must be no allowances made here!

[Question] How do all these problems which have accumulated within Aeroflot influence the morale of the collectives and the psychological condition of the aviation workers in general? In particular, has there been any movement from the zero point on the matter of housing for Aeroflot employees?

[Answer] For many years Aeroflot was greatly praised, although it too could not fail to be affected by the stagnant phenomena of the recent past. Then people began to criticize. Some of our employees probably became very uncomfortable in their jobs when the atmosphere of ecstasy and the uncritical attitude toward the industry began to evaporate rapidly, when the central apparatus of the ministry began a significant renewal program, and when substantial personnel changes took place in the area administrations and the management of the aviation enterprises. A more favorable atmosphere is

developing, and mutual relations in our subdivision are improving. Despite the difficulties, the aviation workers love their profession and value it highly; this helps them to work intensively and care deeply about flying.

Maybe it is for precisely this reason that manifestations of social injustice and neglect of such problems as housing are very much taken to heart within the aviation ranks. The average number of square meters of living space which our employees have is the lowest in the transportation field, including land and water. After this was taken into consideration, Aeroflot was permitted to channel one-tenth of the capital investment allotted for production needs into social-housing construction. The transition to complete khozraschet and the exercise of the rights granted by the Law Concerning State Enterprise, also open up opportunities to resolve the acute question of housing.

The experience of the Lvov Aviation Enterprise, which has already constructed two residential buildings with its own resources, is being disseminated in the Ukraine and Kazakhstan. In Gomel they have chosen a different way: plans call for the oblispolkom to allot parcels of land for individual cottages. Half the cost is paid by the enterprise, and credit for the remaining amount is granted with a repayment period of 25 years.

[Question] Aleksandr Nikitovich, with regard to the question of housing, how does the MCA leadership view the unattractive sequence of events surrounding the distribution of apartments in the departmental building which was put up in Moscow? This question has been raised in print, at community meetings and among Aeroflot labor veterans.

[Answer] The building, which was put up in the mid-80's, was designated not only for management personnel of the ministry but also for staff members of the MAF Central Administration and other institutions of the Moscow aviation network, which received apartments in it. The distribution took place according to a previously formulated procedure, which obviously would not be in line with today's spirit of perestroika and the principles of social justice which are becoming firmly established.

The officials who were in charge of the waiting list for housing and the registration of documents committed gross violations of the rules of the existing procedure.

The case of each of the ministry officials who received an apartment was considered individually by the primary party organizations and labor collectives. A party commission of the MCA party committee studied this question thoroughly. Its conclusions were examined at an expanded session of the party committee, which confirmed the decisions and personal evaluations provided by the primary party organizations. The results of the analysis were presented to all communists and staff members of the ministry's apparatus. An order was issued concerning the elimination of inadequacies in the

maintenance of waiting lists for housing. The violations of the procedure for document registration were severely criticized and the guilty parties were punished.

We can guarantee that there is absolutely no repetition of this story by 1) strictly observing the spirit and the letter of the law, as well as the norms of party etiquette, and 2) keeping the community completely informed with regard to all questions in the life of the collectives. This is the position from which I approach an evaluation of what has taken place.

[Question] In summing up everything that you have said, Aleksandr Nikitovich, it can be concluded that it has not been easy for Aeroflot to gain altitude...

[Answer] But despite all the difficulties it continues to do so.

8543

Interview With Air Safety Official on Crash Causes

18290151 Moscow PRAVDA in Russian 9 Aug 88 p 6

[Interview with I. Mashkivskiy, chairman of the Flight Safety of Civil Aviation State Commission for the USSR Council of Ministers, by PRAVDA correspondent A. Fedotov: "Passage Beyond the Clouds"; first four paragraphs are PRAVDA introduction]

[Text] Today, when the sky is blue above us, how pleasant it is to speak about the "million-miler" pilots, and the phrase of someone on leave, "Half a kingdom for a ticket!" does not sound too exaggerated, a conversation on "work safety procedures in air transport" certainly appears inappropriate and inopportune to anyone—it is high time to fly off to warm weather!

Yet the chairman of the Flight Safety of Civil Aviation Commission (Gosavianadzor) for the USSR Council of Ministers examines this subject without regard for the season: fall, winter and summer—any time of year and time of day—the passenger on board a plane should feel protected from the unexpected.

Guaranteeing safety is the concern of USSR Gosavianadzor. Many people, however, know of this organization only from the terse newspaper line: "The USSR Gosavianadzor Committee has arrived to investigate....," as a rule, closing a communication that is not at all cheerful.

Our PRAVDA correspondent talks about the specific nature of the work of the state commission and about guarantees of passenger flight safety with I. Mashkivskiy, chairman of the Commission.

[Question] Ivan Yeframovich, USSR Gosavianadzor has existed in its present status since 1986. It has been created in contradiction to the modern tendency of

cutting down the administrative apparatus wherever possible. This alone gives an idea of the special significance of the committee. What is the basis of the decision?

[Answer] It is the extremely sharp attention paid to air transport accident prevention. This is an end which, I think, justifies all means, for after all people's lives are at stake. Accident prevention is not a temporary campaign, not a showy "little halo" for the record, but daily and hourly—serious—work. If you disregard this rule, the accumulated defects will lead to disaster—as happened last year at the Krasnovodsk airport during the landing of a Tu-154.

[Question] But there was, after all, even before, a safety monitoring system—the Flight Safety of Civil Aviation Commission at the Ministry of Civil Aviation.

[Answer] Yes, this agency has been in operation since 1973 and has justified itself to a certain extent. It has, however, also become known for its narrow departmentalism. Accidents have often been investigated on a biased basis, and the blame, admitted by the pilots, shifted to the shoulders of "neighboring" departments, and in a special emergency, written off to "the little men"—the rank and file executors. In a word, everything possible was done to lift responsibility from the sector's operations organization system itself. The real reasons for the air accidents remained in the background.

[Question] As we know, the national organs for flight safety supervision that exist in many countries are mainly independent, and accountable only to the government. Your organization is now like this. What are its basic functions and tasks?

[Answer] We have one task—to further increased flight safety. There are a large number of functions. The main one, as has already been said, is accident prevention. Our commission is entrusted with supervising adherence, by the ministries, state committees and departments, to the rules of operating all aviation services—from aircraft to airport ground equipment, as well as the procedure for training and certifying aviation specialists.

In addition, we investigate accidents and incidents with Soviet aircraft in our country and abroad.

Another sphere of concern for us is ensuring standardization of the flight fitness of our aircraft, airports and ground equipment, and the corresponding certification of all these services. This is the field of activity of one of our subdivisions—Gosaviaregistr [State Aviation Register of USSR Civil Aviation].

[Question] You have designated certain data pertaining to the work of your organization. One would think that Gosavianadzor is kept informed on typical reasons for air transport disasters. What is the root of evil here, is there some sort of pattern?

[Answer] Very rarely does an aviation accident have one specific cause. Most often it happens when several factors, not individually accident-causing, come together into one "knot." For example, the disaster of the Yak-40 plane in the summer of 1987 at the Berdyansk airport resulted from irregularities of the meteorological service, the air traffic controller and the crew.

Many aviation accidents could have been avoided if the crew had made a decision in time on a go-around procedure in cases when the landing was dangerous. After all, today's aircraft are equipped with special equipment signaling this, and flying rules give instructions to do this. In this, however, lies the whole misfortune—the crew do not always fulfill these important requirements. There are times when the crew itself is not prepared to make a go-around. All the same, I think that psychological causes are in large measure to blame here. Some pilots are rather afraid to make the decision for the go-around, foreseeing a prolonged discussion concerning the landing and often subsequent punishment for overconsumption of fuel, and others do not want to lose face in the eyes of their subordinates and colleagues, feeling that a true professional "lands" the craft under any conditions, only "cleanly."

A sad consequence of this obstinate prejudice against making a go-around was the aviation disaster at the Surgut airport last February, when the syndrome of fuel economy and flight time suppressed the professional qualities of the crew.

There are also times when this happens: the plane is in good working order and the crew is working with full competence, but neither strong nerves nor flying skill can save the situation. In Omsk in 1984, in quite complicated weather conditions, a Tu-154 plane was making a landing approach. It received an "okay" from all the services. But at that precise moment, machines, not equipped with warning "beacons," were cleaning ice off of the concrete on the runway. The crew discerned this extremely late, when there was no possibility of averting the accident.

There are, of course, also problems of an objective nature: a shortage of hangars for careful service and repair of the equipment, high personnel turnover and many other things. Have we not, however, become too inured to pleading objective circumstances?

We proceed from the principle that there are no fatal aviation accidents "in nature." In our time the most important thing is to learn prevention, prediction and prompt ascertaining of the "risk factors" on the basis of available information, until the irremediable happens.

For this purpose, our country is developing a data bank on deviations that make it possible to calculate "accident" combinations, in order to avoid them in time.

[Question] If we follow the logic of our conversation, then most accidents, as evidenced in world experience as well, stem from voluntary or involuntary violations of the laws of flying. How are the technical laws that ensure high-quality aviation equipment expressed?

[Answer] They are all contained in the Norms for Flying Suitability of Civil Aviation Airplanes and Helicopters. Five editions of them have been published up to now. With respect to the technical level, our norms are in complete conformance with the requirements of the ICAO (International Civil Aviation Organization) and are in no way inferior to the United States Standards and the Unified Standards in effect in Europe.

As easily assumed, all the aircraft are subject to very strict examination on this score: a set of most varied—plant, state, operational—tests. Only after the Standards have been confirmed does the airplane or the helicopter receive a certificate of airworthiness. This precise certification procedure is also adopted for airports.

[Question] From the beginning of this year, the operating enterprises have converted to the principles of cost accounting. This is, so to speak, a unique moment—how is the restructuring of the economic mechanism reflected in the system of interrelations of Gosavianadzor and the sectors working with aviation equipment?

[Answer] The point lies in finding real and effective paths to these interrelations. For example, it must be borne in mind that in the sectors with which we cooperate there must be an improvement in the system of high-quality production, including departmental control and state acceptance. Therefore, we are structuring the work so as not to duplicate the controllers, not to increase the number of tests, and to focus the attention of the enterprises and the “upper echelons” of management on unconditional adherence to the safety norms and regulations and heightening aviation accident prevention.

Still, in reality we come up against facts which, to put it tactfully, attest to the unhurried nature of some ministries and departments in solving certain problems. Let us say, for a number of years the Ministry of Power and Electrification and the Ministry of Civil Aviation have not been able to solve the problem of marking the power transmission lines near the aircraft operation areas.

[Question] It appears to me that the light approach of other ministries and departments to problems related to safety is to a certain extent determined by the fact that these problems are seemingly related to nonproduction problems. But really, flying safety is a strictly economic category, that is, it requires both resources and specific labor contribution.

[Answer] It is annoying that in some ways a similar point of view also apparently affects our “internal” problems. USSR Gosavianadzor, perhaps, is the only supervisory

organ of its kind, not only in our country, but abroad, which has no regional subdivisions. After all, it is precisely at the sites that the basic stage of accident investigation is carried out. Think about the losses in efficiency, considering the large territories of the country, the expenditures for many days spent on trips away for an entire group of our specialists.... Is it not more economical and logical to set up territorial organs of Gosavianadzor? Especially since it is quite possible to do this, without swelling the staff of control personnel and without engendering hierarchical “multi-storiedness.”

[Question] As far as I know, the accident rate statistics give evidence in favor of air transport over surface forms of transport.

[Answer] Judge for yourself. According to world statistics, there is one aviation disaster per million flights. One out of a million passengers experiences the risk of becoming a sacrifice in an aviation accident.

While, however, there is even the slightest risk, while even one such average statistical passenger exists, be it even per 10 million fliers, we cannot be made complacent by figures, cannot set our minds at rest. After all, people entrust their lives to air transport, and in order to justify this trust, it must always be at the true height. Today and everyday.

12151

New Ministry Administration Created
18290015 Moscow VOZDUSHYY TRANSPORT in
Russian 13 Sep 88 p 3

[Interview with V. Samorukov, chief of the International Commercial Administration of Civil Aviation, by I. Grigoryev, “The MKU: Where To Start”; date and place not given; first paragraph is VODUSHNYY TRANSPORT introduction]

[Text] V. Samorukov, chief of the International Commercial Administration for Civil Aviation, answers questions for a VOZDUSHNYY TRANSPORT correspondent.

[Question] Vladimir Dmitriyevich, our newspaper reported the fact that the International Air Services Central Administration for Civil Aviation recently held a meeting of the veterans of the flying complex, at which a doubt was expressed as to the expediency of creating an International Commercial Administration. In particular, doubts were expressed about the fact that the new administration would be formed without discussion in the labor collective of the TsUMVS [International Air Services Central Administration]. The question of the status of MKU was also posed. Judging by this information, by no means everyone is interested in the organization of your administration....

[Answer] Speaking frankly, the meeting and the judgments expressed at it were no more than I expected. Unfortunately, the formation of MKU took some workers from TsUMVS, including part of the command flight staff, in an attempt to weaken this administration. Or take this opinion: since the Aeroflot representatives have gone beyond the bounds of their subordination to TsUMVS, that, they say, reduces the level of transport organization, which in turn leads to reducing the safety and regularity of the flights. They also speak about the fact that no interaction has been worked out between the MKU and the TsUMVS for planning regular, additional and charter flights and things of that sort....

First of all, however, let us talk about the tasks of the MKU, explain the situation that has arisen with respect to TsUMVS, and answer the question as to why the new administration has formed without being discussed in the work collective. The doubts expressed, in my opinion, are caused mainly by inadequate information, both with respect to restructuring the administration of the sector, including its foreign economic activity, and with respect to certain subjective encounters with the USSR Law on the State Economic Enterprise (Association), which as far as I know, was not supported at the conference of worker collectives of the TsUMVS held on 30 August.

Article 7 of this Law specifies that the council of the work collective "...solves the problems of improving, managing and organizing the structure of the enterprise...." The MKU and the TsUMVS, however, are not an enterprise, but an association. Here, therefore, article 5 of the Law should be borne in mind, which states that "...the composition of the association is confirmed by the higher organ, and the structure of the units, entering into the composition of the association—by the association...." In addition, we must turn to article 25, according to which "the special features of using this present Law in individual sectors of the national economy and for separate types of enterprises are determined by the USSR Council of Ministers." MKU GA was formed on the basis of a resolution of the USSR Council of Ministers on the basis of the Central Advertising and Information Agency, the Aviavneshtekpostavka B.O., the Central International Agency, International Accounts Center and the Commercial Service of TsUMVS. This of course required abolishing these structural units of TsUMVS, which was reflected in the order of the Ministry of Civil Aviation. In other words, the MGA [Ministry of Civil Aviation] carried out the resolution of the USSR Council of Ministers, in accordance with which its competency was a specific law.

[Question] All the same, why was TsUMVS unwilling to have MKU created?

[Answer] I have stated some arguments above. There are others, however. When we explained in detail the basic goals and aims of MKU, it was revealed that some of the flight crews were unwilling, due to the fact that, because

of the changed checks at Vneshposyltorg, the system of per diem payments would change, particularly during time when they would be arriving abroad. At present we are trying to find ways to solve this problem in conjunction with MGA and TsUMVS, although it goes beyond the limits of competence of our sector. It should be taken into consideration that with the transition to currency and self-financing, the flight complement will gain the possibility of obtaining its own currency fund, and then all the problems that they pose now can be solved in their own collective.

[Question] Before the commercial work, the TsUMVS had a Commercial Service. Judging by the structure of the MKU, its functions are considerably expanded. What will provide this centralization?

[Answer] The structure was worked out and approved in accordance with the tasks facing the MKU. The quantitative and qualitative composition of those entering into the management of the structural units has changed. Centralization will undoubtedly increase the efficiency of the export of foreign services and permit a comprehensive approach to solving the problems of the interrelation of Aeroflot with its foreign partners. Centralization will eliminate the parallelism and doubling in foreign economic activity and will permit efficient use of currency assets.

The MKU will construct all of its relations through concluding economic agreements. It is planned that the MKU, and its partners in the agreements, will have a unified indicator for their production work, and a common interest in the end result—revenues and profits. The basic part of the revenues, including the currency, will be obtained by those who actually transport the passengers and freight and render foreign services.

[Question] The sector's transition to new management conditions and full cost accounting and to completely paying for itself, including currency, will raise the problem that Aeroflot has as many funds as possible left in its "pocket" as hard currency. Formerly, Aeroflot could retain only two percent of the currency receipts. Now, however, in accordance with the Law on the State Enterprise (Association), can MGA spend considerably more for its own needs than the currency earned?

[Answer] That goes without saying. The administrations, associations and enterprises that have earned the currency will have the right to dispose of it as they see fit, in accordance with the approved norms for currency withholdings. This is to spend it primarily for the development of its own production base: on construction and acquiring equipment for the purpose of raising the safety of airplanes and the standard of passenger service.

It is natural that the problem of distributing the currency funds disturbs all the enterprises: those already having existing flights abroad, and those who are only preparing to serve international runs. After all, at the present time,

the administrations have no economic interest in fulfilling these flights, since they have no currency funds nor currency withholding. In addition, the distribution of all the revenues from operating Aeroflot's international lines should be more fair.

[Question] Here is a letter sent from Khabarovsk by O. Borisov, our own correspondent, in which he asks directly: Where is the currency earned by local aviators being sent? "We cannot see this money in front of us," he writes, quoting the words of A. Markov, commander of the unified Khabarovsk detachment. "The fact is that the main collections from the sale of air transport, which is carried out by the Khabarovochans on their own passenger and cargo planes on the runs between Khabarovsk and Niigata, and, through the Aeroflot representative office overseas, receive it for the account TsUMVS. We raised the problem about the fact that to obtain the currency that we had earned, everything would remain as before." Is the requirement for the Far Eastern aviators fair?

[Answer] Without a doubt. Their problem once again confirms the lack of perfection in the system for distributing the currency funds which has been established in Aeroflot.

Today we must construct our commercial relationships on the basis of economic agreements and the strict responsibility of each one of the parties for fulfilling the responsibilities of their obligations, specified by these commitments.

[Question] Aeroflot's International Agency—what have you outlined to increase their work efficiency?

[Answer] In the last few years, the role of the Central International Agency, not to mention that of international administrative agencies, was minimized. The TsMA has essentially turned into an ordinary ticket office. Suffice to say that the service for the sale was divided up among the reservation services. This caused many uncertainties: selling the ticket could not in itself solve the problem of reserving the space. Now, within the TsMA framework, reserving and selling are associated.

Today, of course, you cannot manage without introducing modern automated methods for production processes. In particular, important work is being carried out in this direction, by a machine created at the MKU Center for Automation of Commercial Activity. Beginning on 1 April this year, using an automated control system for automatic calculations of international aviation tariffs, it became possible to raise the labor productivity of the dispatcher-tariff setters by approximately 70 percent, as well as to select the statistics for analysis and decision-making efficiently. In the future, it is specified that its own system be created to automate the reservations and connect it up with the interunion Sirena system. Beginning in April of this year, Aeroflot will gain

an aspect new in principal, with a packet of services such as other world airlines have. In two years all the representative offices abroad will be automated.

[Question] Now, the concluding question. Vladimir Dmitriyevich, will MKU be capable of solving the tasks that face it?

[Answer] I myself have posed this problem to many administration workers. Most of those with whom I spoke expressed certainty concerning the reality of the tasks set for them to fulfill. I also spoke with skeptics, however, accustomed to performing only the things that they had learned by heart and already too old for instruction. It is clear that restructuring ideas does not come quickly and painlessly to everyone. It is easier to go to the chief for "his" opinion than to adopt an independent attitude.... Nor should we forget that MKU is actually, above all, an entire production association and it operates on the basis of the Law on the State Enterprise.

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RAIL SYSTEMS

Ministry Official Interviewed on Safety Issue
18290149 Moscow ELEKTRICHESKAYA 1
TEPLOVOZNAYA TYAGA in Russian No 7, Jul 88 pp 4-6

[Interview with Aleksandr Nikolayevich Kondratenko, chief of the Main Administration for Locomotives of MPS [Ministry of Railways] by B.N. Zimting: "Work Without Defects, Without Accidents"]

[Text] MPS's Main Administration for Locomotives has summed up the results of its work for 1987 and made a detailed analysis of the status of running safety. Our special correspondent, B. N. Zimting, met with chief of the MPS's Main Administration for Locomotives, A. N. Kondratenko, and asked him to answer some questions.

[Question] As is already well known, Aleksandr Nikolaevich, the branch as a whole, including locomotive-type enterprises, achieved good results last year. However, there was no radical breakthrough in improving running-safety.

[Answer] Unfortunately, this is so. The MPS's Collegium and authoritative organs evaluate the status of running safety as extremely unsatisfactory. Especially intolerable is the increase in the accident rate for passenger trains.

At a special session of the CPSU Central Committee Politburo we examined the support for running safety for rail transport because of the wreck at the Kamenka Railroad Yard, and it was noted that the main cause of the worst accidents is the criminally negligent attitude of some workers toward their primary official responsibility, the weak role of the command and instructor-team

personnel in strengthening discipline, and serious deficiencies in the system of prevention and indoctrination work within labor collectives.

According to preliminary data, the total direct losses from damage to rolling stock and other transport facilities as a result of wrecks, accidents and fires that were the fault of workers of the locomotive activity amount to millions of rubles. Each day, on the average, 33.3 cases of damage occur in train and switching work through our fault, or 27 percent of the total number. This has led to an almost 4-percent loss of line capacity, interruption in the reforwarding of 7,000 cars per day, and numerous violations of locomotive crew operating procedures.

While the total number of wrecks has been reduced somewhat from 1986, it is substantial; the number of passenger-train wrecks has grown by a factor of one and a half, and the number of persons injured has increased 4-fold. The number of accidents has doubled, including passenger-train accidents.

The gravest consequences have occurred through the fault of workers of the Tbilisi-Sortirovochnoye and Khashuri depots of the Transcaucasian Railroad, the Kirovabad depot of the Azerbaijan Railroad, the Ishim depot of the Sverdlovsk Railroad, and the Yudino and Kazan depots of the Gorkiy Railroad.

[Question] Let us acquaint our readers, please, with data from an analysis of the main causes of accidents that were the fault of locomotive crews.

[Answer] As before, the main cause of wrecks remains trains running through stop signals. Half of all emergency incidents occurred because of this. Collisions without an overrunning of signals occurred both because of the locomotive engineers' lack of care while running under special circumstances that require increased alertness, and because of other locomotive crews leaving strings of cars on the line or stopping the locomotive on sanded-over rails. A train was allowed to run downgrade uncontrolled because the crew was sleeping.

One of the factors that has not figured in the analyses of past years has been the smashing of cars when driving heavy trains. Here there is inadequate training of engineers for operating under these conditions and the lack of local operating charts for driving such trains.

The most typical violations by locomotive crews during wrecks are carelessness or ignorance in controlling the brakes—43 percent, sleeping at the workplace—28.5 percent, incorrect running of an extinguished block signal—14.3 percent, leaving cars on the line when breaking the train—7.1 percent, and excessive speed during special conditions—7.1 percent.

It should be emphasized that many locomotive depots approach formalistically and irresponsibly organization of the work on intensive technology, and the main

criterion for the engineer's vocational mastery—skill in correctly using the various kinds of brakes and in finding braking-system defects when standing and when en route and simultaneously preventing trouble—is lost.

The gravest wrecks are caused by sleeping on the locomotive. Here the grossest deficiencies in organizing the work of locomotive crews, primarily on the railroads with the most unfavorable accident rates, incorrect use of the engineer's rest time, and the engineers' irresponsibility have revealed themselves.

[Question] Please cite some specific examples of violations and errors of locomotive crews that have caused grave consequences.

[Answer] The most tragic example of an irresponsible attitude toward testing brakes caused the wreck at the Kamenka Railroad Yard that everyone knows about.

And here is another case. During a crew change at the Tbilisi-Sortirovochnoye Railroad Yard the engineer's helper did not appear. Nevertheless, the train's locomotive engineer, on his own, uncoupled from the train the electric locomotive, which should have been in a cold state, and then recoupled it to the train. In so doing he did not check the correctness of the coupling process with the first car and of the connection with the opening of the coupling cock. Without testing the automatic brakes, he set out with a freight train onto the line on a substantial grade. As a result, because of the lack of braking power, the uncontrolled train went through a stop signal and collided with a freight train standing at the railroad yard. The engineer died.

Sleeping on the job has led to irreparable consequences on the Gardabani-Beyuk-Kyasik line. It is regrettable, but there are many such examples. Thus a freight train crew switched off the ALSN because of unstable operation of the device and ran on the dispatcher's order. On approaching a railroad yard, the engineer and helper were asleep and collided with a switching train. The two engineers were injured and the locomotive and 20 cars were damaged.

A large number of incidents occur because of violations of the procedure for passing extinguished line signals. For example, a locomotive crew of a passenger train did not, while running on the line, take steps to stop the train with the appearance of a "white light," and then a "KZh," on the locomotive's signal. The train passed a line light that was not lit without reducing speed and collided with a freight train standing at a stop signal. An experienced engineer with more than 10 years of service, who committed an unpardonable violation, died.

Incorrect, ignorant actions of a crew when there was a sudden drop of pressure in the brake application line led to a wreck. Despite the fact that the helper was not convinced of the integrity of the train, the engineer put the train in motion again without being told about the

stopping of the traffic controller. The train, which was sent onto the line later during poor visibility, collided with a string of cars that had been left on the line.

Another example. While a heavy train with VL80R electric locomotives that were joined into a multiple-unit system was running, the recuperative braking system was readied because of faulty electrical equipment of the second locomotive. The engineer was not monitoring operation of the second locomotive by instruments. As a result, the braking force exceeded that permissible, which led to the smashing of 28 cars with loads of less than 12 tons per axle.

[Question] The circumstances and causes of the wrecks you cited as examples speak for themselves. Not by any measure can any of these be called accidental. What does this say, in your view?

[Answer] The growing number of wrecks and accidents objectively reflect the low level of discipline and preventive and indoctrination work, and they indicate persuasively appalling violations of the official obligations of locomotive crews, especially on the Transcaucasian, Azerbaijan, South Urals, Volga, Gorkiy, and a number of other railroads.

Many wrecks are directly associated with serious shortcomings of depot supervisors, their lack of principle in selecting engineer personnel, and their irresponsible attitude toward locomotive equipment with additional safety devices and toward providing them with suitable technical maintenance.

It must be said that the command and instructor personnel on practically all railroads have not drawn their own conclusions from the grave catastrophes at the Koristovka and Kamenka Railroad Yards. Most supervisors continue to take no action or they use ineffective, obsolete ways of strengthening discipline and safety.

[Question] Problems of choosing engineer personnel and of training them are now acquiring special urgency. It is interesting to find out the data of analysis of locomotive crews that have caused train wrecks, starting with their qualification class and amount of service.

It must be established that almost a third of the wrecks were caused by engineers of the first and second classes, who had more than 10 years of service, and half of the trains involved were passenger trains. This is a worrisome conclusion, which indicates directly a reduction of monitoring and exactingness toward experienced engineers. Their outrageous violations prove once more that neither their class qualification nor the length of their train service ensures a high degree of safety without self-improvement and self-discipline.

It is the duty of instructor engineers, in their relations with experienced engineers, not to allow them shortcuts or violations in the work, when actually they have not

been qualified for years. This can be achieved by constant monitoring, especially with speed-indicator tapes, and by heightened demands on them for any violations. Simultaneously additional stimuli should be sought and introduced that will not allow rated engineers to stand still in growth in their vocational mastery.

It is pleasant to note that the share of first-year engineers who cause wrecks has been cut to almost a third. This speaks about both the stability of the contingent at most locomotive depots and the special attention given their training.

And now a doubling in the number of persons who have had earlier penalties confirms the conclusion that an undisciplined, irresponsible engineer himself is a threat to running safety. Forgiveness of everything for such people usually ends in tragedy.

Thus, former locomotive engineer Vasin of the Yudino depot of the Gorkiy Railroad has been dismissed twice in the last five years for the most gross violations of official instructions; in 1986 he was at the medical treatment center for alcoholics and repeatedly fell asleep on the locomotive. And then in November 1987, because he was asleep, he let the train roll backward downgrade, which led to a collision and deaths of a diesel-train crew. Also, in 1987 engineers of the Tbilisi-Sortirovochnoye and Sergach locomotive depots and in 1988 engineers of the Odessa-Sortirovochnaya and Radvilipils depots, through whose fault wrecks occurred, repeatedly violated discipline, including sleeping on the locomotive and exceeding the speed limit.

The cleanliness and reliability of locomotive crews must be achieved by regular analysis of the character and gravity of the violations committed by the engineer and helper, and their incidence and potential danger. A person who has repeatedly committed the grossest of violations of official obligations and discipline and who does not meet the higher demands of the most important vocation in transport must, taking into account the opinion of the working collective, be transferred to less responsible work.

Only such an approach will allow enterprises of the locomotive activity to be rid of engineers and helpers whose lack of a conscientious attitude toward work poses a threat to running safety.

[Question] A reduction of gross violations of safety depends greatly upon the introduction of additional safety devices, which are called upon to prevent the crew from losing their vigilance. What kinds of results does their installation on locomotives yield?

[Answer] At present, all the traction rolling stock has been equipped with one of the ten existing additional safety devices. On the whole, they have justified their purpose. At the same time, the number of trains over-running signals on encoded tracks of railroad yards and

on lines where the greatest technical potential for averting locomotive crew violations exist and the number of trains that overrun stop signals not only have not been reduced but have even increased, from 24 to 27 cases. This is because of the criminal lack of discipline of some locomotive crews.

Four trains of the 27 that overran stop signals did so because the engineer had turned off the ALSN, three because of malfunctioning thereof. In four other cases, white-light code signals showed on the locomotive. Seven overruns were not prevented because of late use of the brakes, in expectation that the signal would open. In four incidents, the cause of the overrunning, despite the presence of additional safety devices (the R-1131 or L-143), was sleeping of the locomotive crew. The remaining overruns occurred where the locomotive was controlled from the rear cab but with confirmation of "alertness," and also where there was mistaken acceptance of a "proceed" signal from an adjacent track.

Altogether last year there were 179 overruns of stop signals, of which 106 were committed by locomotives equipped with safety devices. In this case one must not forget that, just as in 1986, each 16th overrun ends in a wreck or accident.

In the first four months of 1988 there were 45 cases of overrunning, but the new equipment did not let anyone down once. In all cases the engineers had noted the actions of the instruments, confirming their "alertness" and allowing, in so doing, the overrun. Ever increasingly it becomes clear that the engineer not only does not pay attention to the indications of the signals but did not pay any attention at all to their presence on the track. An inattentive attitude is manifested in the fact that before each signal the engineer is called by radio and warned: pay attention! And if they are not warned? The PTE [technical operating instructions] answer this question with precision. The signal is an order for the engineer, who should quickly carry out its requirement.

Continuing the work on creating more improved safety devices, the main administration's specialists realize that it is practically impossible to create a "consummate" vigilance button that could prevent the consequences of all the diverse errors and violations of engineers and their helpers. At the same time, any, even the simplest, safety device such as a second alertness grip will enable the number of safety violations to be reduced.

Thus, each safety device is a necessary but not a sufficient condition for eliminating accident. The locomotive crew continues to play the decisive role.

[Question] Do you have at your disposal the data on what time of day the most transport incidents occur?

[Answer] Yes. In order to increase the objectivity of the analysis, the main administration's specialists have been processing statistical data in order to find out the more

typical trends of these negative phenomena. A significant increase in the accident rate occurs between four and seven o'clock in the morning. This is explained by the reduction of locomotive crew efficiency, and also by the nearing of the conclusion of the night shift for many switching crews.

The greatest number of overruns of stop signals during switching occurs in the first and final quarters of the shift. In the first case the cause is concealed in a defective prework attitude toward the job, and in the second in a reduction of efficiency because of fatigue.

Important practical conclusions should be drawn from the cited data about the necessity for intensified monitoring of locomotive crew actions at night and, especially, at daybreak. This is an obligation of instructor-engineers, many of whom for various reasons are diverted from regular checks on the line at night.

[Question] The problem of organizing the work and rest of locomotive crews at the latter time recently has become one of the severest for transport. Has it been possible to improve the indicators of engineer worktime utilization?

[Answer] The situation continues to remain very serious. It should be recognized that a long delay in solving this most important social problem, which directly influences running safety, is associated mainly with the absence of proper attention on the part of the primary supervisors of the railroads, the divisions and the participating services. An unintegrated approach to the needs of locomotive crews and imprecise planning of operational work also is telling.

The number of freight runs of increased duration rose 21.1 percent over 1986, that is, 303,500 instances, 245,000 of them in violation of the schedule. The total number of overtime hours reached 45.8 million.

Schedule violations increased on the Donets, Dnieper, Transcaucasus, Sverdlovsk, Volga, North Caucasus, Kuybyshev, Oktyabr, Central Asian, Gorkiy, Alma-Ata and Far Eastern Railroads. Trips lasting more than 12 hours consisted of 39.6 percent of all violations.

Thanks to the exactingness of the Central Commission on the Work and Rest Schedule, since October 1987 violations of the schedule on the network has been reduced each month. But there are still great reserves here that remain to be uncovered.

One should not refrain either from speaking about such a negative phenomenon as distortions of worktime on the routes of engineers, which also lead to additional violations of the schedule. Selective checks have indicated that, taking advantage of a lack of monitoring on the part of the supervisors involved, some engineers of

the Transcaucasus, Azerbaijan, Oktyabr and certain other railroads are fictitiously increasing trip times. In such cases the locomotive depot still bears the direct financial losses.

With a view to suppressing these shameful cases, a procedure has been introduced under which the depot chief or his deputy for operations should personally verify each trip where the schedule is violated, in order to make an objective evaluation of the causes and the engineer's role.

Under the new management conditions, overtime work of locomotive crews is an economic factor of no little importance. In 1987 they were paid almost 49 million additional rubles. On 12 railroads, growth of overtime has been permitted that does not correspond to the increase in the haulage volume.

The simplest calculations indicate that at present, along with improvement in locomotive-crew utilization, it is more advantageous to maintain an additional contingent than to pay for overtime work. The MPS and the trade-union committee have set a specific task—to organize work in such a way that not in any case does the amount of overtime hours exceed that permitted by labor legislation. The task is complex but it can be done, considering that in 1987 overtime averaged 184.3 hours per locomotive-crewman.

In order to improve radically the organization of work and rest of the crews, the MPS and the trade-union central committee have created a commission that is charged with preparing a new Statute on Worktime and Rest Time of Railroad Transport and Subway Workers that is in full accord with the requirements of labor legislation.

[Question] We have already spoken about the fact that most wrecks, accidents, overrunnings of stop signals, and other cases of deficiencies occur as a result of an outrageous lack of discipline, a lack of responsibility, and the criminal negligence of some engineers and helpers. Drunkenness at the workplace causes transport enormous harm. One cannot be reconciled with this....

[Answer] Actually, without a radical change in the work to strengthen discipline all over—labor, production, technological and performer discipline—one cannot count on a reduction in the accident rate for transport. The statistics for 1987 indicated that altogether, only three percent of locomotive crewmen committed the grossest of violations of official instructions which inflicted irreplaceable losses, including the deaths of people, damage to rolling stock, and loss of the economy's freight.

Many years of experience have shown convincingly that most of the crudest of violations of discipline and safety are committed by one and the same workers who previously have repeatedly been brought to account. But an

environment of all-forgiveness has engendered in them and, what is more, in other unconscientious engineers, an illusion of immunity from punishment, which, in the final analysis, has led to very grave consequences.

Everyone knows about the "drunken" accidents on the Transbaykal and "drunken" running of stop signals on the Moscow, Odessa and Transcaucasus Railroads. Moreover, 35 drunk engineers and 15 helpers—potential criminals—were removed from locomotives in 1987. A prerun medical examination during the year found 450 engineers and 1,360 helpers with signs of alcoholic intoxication.

Our task remains as before—to completely uproot this evil. This can be done only by intensifying all kinds of monitoring, especially medical. Surprise checks should be made of rest houses and turnaround points and on the line, and all those observed using liquor should be brought to account as established by legislation.

[Question] The policy taken in the country to mobilize the human factor as a most important prerequisite for executing the tasks connected with perestroika and with acceleration relate in the highest degree to locomotive crewmen. What problems in this area face our activity?

[Answer] First of all it is necessary to turn one's face to the needs and demands of the man of labor, to put these at the apex of all productive and social activity. This problem is complicated and complex and came of age long ago.

The main areas of the ministry's activity in regard to the locomotive crews are as follows: universal improvement of their work and rest schedule, in strict accordance with the demands of labor legislation, boosted construction of housing, using various financing sources, the installation of telephones in the apartments of engineers and helpers, a further increase in pay, material incentives for assimilating intensive-type technology, the provisioning of hot, rational food on the road and at the turnaround point, taking into account medical recommendations, and the creation of normal conditions for high-quality recreation in crewmen's apartment houses.

Increased efficiency of engineers and helpers depends on the introduction of physical-culture and health-improvement measures, the use of vitamins in foods, the construction of recuperation centers with after-work sanatoria, preventive clinics, saunas, physical-therapy offices, and rooms for psychological unloading. The prestige of the engineer's occupation should be raised.

Successful solution of all the problems posed will directly affect not only running safety and the state of discipline but it will also promote personnel retention and the mobilization of collectives for solving the problems posed.

I would like to say in conclusion that the overwhelming majority of locomotive crews labor selflessly, with initiative and self-sacrifice. They themselves not only guarantee running safety but also prevent possible consequences that are the fault of workers of practically all the related services.

[Question] Thank you for the worthwhile conversation.

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Specialist Examines Line Work, Accidents
18290157 Moscow PRAVDA in Russian 3 Aug 88 p 2

[Article by V. Sablin, docent of the Urals Electromechanical Institute of Railroad Transport: "Railway Accident: Incident or System"]

[Text] "What 'evil spirit' is pushing trains off the embankment?" That is the concerned question posed by the press and by the public. The USSR Goskomstat [State Committee on Statistics] reports that the number of train wrecks and accidents along the railroad lines has increased as compared with 1986. Fifteen percent of the passenger trains have been taken off the schedule. How can one help but worry?

From the report of the expanded meeting of the MPS [Ministry of Railways] collegium and the trade union Central Committee, held in January of this year, we learn that there is no control over the condition of the railways, and that there is a shortage of over 3,000 (!) rail installers and other workers in railway management. However, we should not trust this figure, since it is actually much greater...

Thus, the lack of staffing of railroad workers, or rather their recent layoffs, has led to the situation that every year the entire length of railroad from Moscow all the way to Vladivostok is left without the necessary maintenance. Thus, the railroad tracks become stripped. This is why the local enterprise managers, unable to change anything themselves, turn to the section chiefs: "An extremely difficult situation has arisen with correcting the areas of disrepair along the rail lines and switches... Routine maintenance cannot be performed because of a lack of rail installers. We ask for your help!" But they are not getting any help.

Judging by the press, the situation with the railroad car and locomotive management is no better. The regimen of servicing technical equipment has been disrupted. This equipment is operating to the point of wearing out, and its reliability has declined. We cannot disagree with this. People have even begun believing in omens. I recall a case when, upon boarding the No. 6 train "Azerbaijan," the conductor did not let a woman board, and suggested that I enter the car first, explaining that

otherwise we would "lose" a wheel en route, since the working parts of the cars had not been properly inspected by anyone for a long time along the Baku-Moscow run and back.

Even a certain increase in the wages, which the Ministry of Railways often refers to, has not yielded any effect in the matter of safety. Line inspection and servicing of technical equipment—everything that is associated with reliability and safety, has taken on a secondary importance, and this has led to an increase in the accident rate. This is why we must once again recall the so-called Belorussian method, around which the passions do not die down. It is even strange: the railroad men were not happy at such a "gift" with the many benefits which it promised them. On the contrary, for several years the struggle has been going on, and not for the labor wage, but against thoughtlessness. "In smaller numbers we will do more" as yet has turned out to be unacceptable. It would be more correct to say—with the proper staffing we will do more, and invariably better.

Yes, we must admit that the Belorussian method has led to a backward movement in regard to the railroad line workers. Although, you understand, the restoration of their former forces as yet has not occurred.

Since time immemorial, reliability has been considered a state problem, not only a technical one, but also an economic one, and suddenly it is no longer there. And one cannot help but come to the conclusion: while one accident is an incident, two is an extraordinary occurrence, and three is already a system. Railroads have become the talk of the town, since accidents have become part of the system. Today it is simply embarrassing to ride as a passenger in the uniform of a railroad employee. The meticulous, worried fellow traveller has to know everything. Why does one rarely see the men in the yellow vests along the embankment? If the trains stop—have the linesmen broken a sleeper tie? And again the question: will we get there? There are all kinds of rumors going around. Most of all they blame the linesmen—they are always in view. Those who are the most well informed say that today all railroadmen are working according to the so-called Belorussian method of "ride less and stand more." After all, the line is frequently in a state of disrepair!

Of course, there always has been and is a portion of risk, but with a reliable railroad line the probability is low. Nevertheless, every year over 40 percent of the accidents occurring through the fault of the linesmen alone almost appear to be planned.

So, do they want this number of "incidents" along their line or not? Are these accidents to be or not? Whom does this depend on? These are the thoughts that today worry the honest rail installer and the specialist of the steel line. There are, of course, slipshod workers in transport, I agree, but they are not the ones who set the climate.

It is quite evident that the accident-free operation of the railroads can and must be ensured when the Ministry of Railroad Transport will indeed implement planned-preventative maintenance and repair work along the line in full accordance with the legalized standards and deadlines.

N. I. Lipin, one of the founders of transport science, was the first to introduce the word "railroad line" into usage, and it has retained its meaning since 1838. The railroad line and its state of repair have dictated the conditions for uninterrupted and accident-free train traffic. And, despite the fact that the flow of cargo grew and grew, the shipping service maintained the schedule. The engineers confidently drove the trains, while the linesmen ensured the reliability of the permanent way.

Naturally, transport was improved, only the railroad line remained the same in its design. In time it became overloaded. It began to break down more, and human labor expenditures were not enough for its upkeep. Suddenly, the railroad line was thought of as being eternal, and it ceased to interest traffic engineers. Only ton-kilometers began to be regarded as being of paramount importance, and they became a sort of goal in themselves. Meanwhile, the railroad line began to operate intensively toward wear, groaning under the weight of the racing trains.

The linesmen lost the planned manner of their work. They no longer had time to patch the holes along the line "under the wheels," since the "windows" for this became too narrow, and there was always a shortage of workers. The time for such work had essentially been eliminated from the train traffic schedule. Yet railroad line technology as such had not yet come up to par, and was in no hurry to do so.

The line workers found themselves without any rights, and could not prove the axiom: with the developed resource of railroad line elements, it is necessary to stop train traffic. Only an accident or a wreck gives them the right and the opportunity to perform their work. They are forced to wait until the line has operated to the point of its first breakdown, until the last reported ton-kilometer goes... down the embankment. One such first "miracle" in the path of the Arsk train wreck was the phone call (you will note, just a call!) Gorky Railroad First Deputy Chief N. Pogrebnyi regarding the cancellation of the planned "window", since the stoppage of traffic would lead to a breakdown in the semi-annual responsibilities on ton-kilometer work.

The matter even came down to where the line brigade leader came to the dispatcher with a request to give him a "window" of a mere 10 minutes to change a defective rail. In response he heard: "Don't bother me from working. I have trains running!"

And, you know, the planning here is based on what has been achieved, and not on the load capacity of the rails, ties, sleepers, and ballast. This has entailed a sharp growth in the number of sections with overdue repairs. On the Gorky Railroad Line alone there are already around 2 kilometers of such sections, and along the network there are tens of thousands of such kilometers. There are 29 defective rails on the Sverdlovsk line, and hundreds of thousands on the network. Over 12 percent of the sleeper ties on the line are defective, not to mention the significant number of defective switches.

The desire to have a smaller number of railroad linemen without sufficient equipment, to operate the line to the utmost and at the same time to constantly take the greatest number of ton-kilometers from it—this has undermined the material-technical base of railroad line management. Consequently, a shortage has arisen in vital products due to planning based on what has been achieved on the lines. It happens that there is not a single spike in the warehouses!

Is this why at the present time there are an average of 5,100 warnings issued to reduce the rail speed of trains, and 1,410 to reduce speed at the switches? There are no materials, and even if they do appear, permission is not given for a long time to replace the defective parts of the line. And, by the time they do repair the defect, patch up Trishkin's caftan, it will wear out in some other place.

The habitual obsession with figures still has a firm grip on the sector staff. But how could be otherwise? Many indicators have for a long time seemed to be running ahead of the locomotive, but one—labor productivity—lagged ever farther behind. Its run along the ties had to be speeded up. The sector economists calculated the "excess" people on the railroad lines, and—so it went. They did not take one thing into consideration: the linesmen, and all the railroad workers, due to objective reasons did not want to run ahead of the locomotive, since their purpose was—to let the train pass.

By the strictest standards, a line brigade foreman can, as a rule, examine 4-6 kilometers in a conscientious and quality manner. Any further examination is self-deception. Following the example of the Belorussian method, the length of examination has today reached 10 or more kilometers, and for one foreman it even extended in a number of places to 90 kilometers. The speed of a walking examination once a month is 30 kilometers per hour! Is this reasonable? Yet without examination and preventative maintenance work, understandably, the line quickly becomes impassable. There is only one hope—capital repair, but they keep putting it off and putting it off...

Freight Car Repair Problems Noted
18290131a Moscow GUDOK in Russian
22 Jun 88 pp 1-2

[Article by V. Chistov and N. Tsurikov: "How To Cure Sick Railcars"]

[Text] Tens of thousands of "sick" freight cars are now operating on the network. Some have their facing walls knocked out or twisted or have no doors at all; others have bent members, stove-in floors and roofs with holes.... You will not cure such railcars in technical maintenance points or loading preparation points within the time allocated by technology. They require plant repairs. You know, however, you will not drive these covered cars to plants after each serious breakage. The plants have their own plan and overloaded capacities. What is the way out?

It was found several years ago. The ministry adopted a decision on mastering during 1986 the repair of freight cars using an increased volume of repairs under depot conditions. The base enterprises, which had to conduct the experiment, were determined; and measures were outlined for their technical re-equipping.

The first steps in the experiment have already shown that a correct solution has been found. In months, the Grebenka depot was able to re-equip its facilities; it developed and introduced highly productive repair equipment, machining attachments and systems with small-scale mechanization using its own forces. It managed to improve the working conditions of the railcar workers considerably by this. A network school of progressive experience was conducted here in June 1986. On 3 July of that same year, the Ministry of Railways Collegium approved the experience of the Grebenka railcar workers in organizing the introduction of industrial methods for repairing rolling stock and solving social questions.

What do we have today? As a recently held session of the Collegium, which examined the progress in carrying out the decisions made regarding this question, pointed out: 30 depots are restoring rolling stock with an increased work volume. More than 150,000 "gravely ill" cars have been restored to health during the last two years and five months.

The Grebenka depot has again achieved especially impressive results. Here, they have brought the work mechanization level to 87 percent; and to 90 percent in the wheel and roller shop during milling and correcting operations. Almost 5,000 covered freight cars have been released from depot shops since the shift to the new technology.

More than 200,000 rubles of material and items have been saved and used again during the last year and a half thanks to the skillful use of economic levers and effective incentives. The profit plan has been overfulfilled by 70.2 percent during the first five months of this year.

They are solving social problems successfully in the depot. They plan to obtain 40 kilograms of meat and 150 kilograms of vegetables per worker by the end of the current year by expanding subsidiary farming. They intend to "cover" the housing question completely in three years. The enterprise does not know personnel problems; youth eagerly come here.

When G. Fadeyev, a first deputy minister, asked: "What is the main problem now facing the collective?" V. Tkachenko, the depot chief, replied:

"Freight cars! We need more repair items."

When have you had occasion to hear such a thing?! Even recently, the depot ran away from the covered freight cars, which it had to mess with, as if from the plague. Today, however, it is quite the reverse. In some collectives that have introduced the industrial technology, they ask for, look for and demand them. The new system for planning and financing with its consideration of the labor-intensiveness of repairs, additional incentives for the workers and creative research in the enterprises themselves, contributes to this.

Thus, in that same Grebenka, they set the material incentive fund, which they expend according to their own discretion, down to the accounts of those shop and brigade collectives which have a share in the additional profits received by the enterprise. Even if these are still small sums, they exert a stimulating influence.

The depots at Melitopol, Dzhankoy, Bryansk, Brest, Vilnius, Salsk, Pomoshnaya, and Samarkand are among the depots that have successfully introduced the experience of the Grebenka railcar workers.

The Kurort-Borovoye depot plans to complete the work of shifting to the industrial technology this year. Nevertheless, the re-equipping rates and the successes in social development here are such that there is much to be learned. The interest, which the session of the Collegium displayed in the experiences of the railcar workers from Kurort-Borovoye, was not accidental. GUDOK already talked about this in detail on 8 June and that is why we will only point out a few items. The collective performed the main work in reconstructing its production facilities using its own forces. The technical re-equipping sharply increased the capabilities of the enterprise. Whereas the current year's plan for depot repairs calls for 3,000 railcars, they are threatening to do 6,000 next year.

In Kurort-Borovoye, they have also completely solved the question of providing hot food to all workers. An impressive subsidiary farm provides an important addition to the table of the railcar workers. They plan to solve the housing problem before 1992 using a special-purpose program. So that words do not diverge from deeds, they are building a plant to produce brick, and they intend to put it into operation during the fourth quarter. Using their own forces, they have also erected a sports and health complex where 300 people work out daily. They are increasing the production of consumer goods. They are making window and door units and parquet floor boards from waste products; and garages—from written-off covered freight cars.

The session of the Collegium especially pointed out that the Grebenka and Kurort-Borovoye depots basically achieved their high results through internal resources and without additional capital investments.

At the same time, a strict accounting was made of the Baltic Railroad's Yershov, Sverdlovsk Railroad's Kizel and the Southeastern Railroad's Yelets depots. The West Kazakhstan Railroad's Uralsk depot, the East Siberian Railroad's Ulan-Ude depot, and the West Siberian Railroad's Kupino depot were mentioned among those lagging behind. A considerable portion of the repair work at these enterprises is done manually, the required quality is not guaranteed, and production standards are low.

In general, only approximately a tenth of the enterprises on the network are today restoring railcars with an increased work volume. It was pointed out that this is few. How much, however, is necessary?

In our opinion, having pointed out that the repair volume of covered railcars is far from that required, the specialists in the main administrations have not answered the main question: What is hindering a more rapid shift by the enterprises to the effective technology?

We talked about the reasons for the insufficient rates in introducing the industrial technology with the meeting's participants after the session. Here, for example is what V. Tkachenko, the chief of the Grebenka depot, said:

"Not all enterprises are capable of making our type of mechanization systems. It is necessary to arrange for their centralized manufacturing. I also consider the fact that they have still not made this technology a type one, which would point out what needs to be made using what equipment with what rigging, to be a large shortcoming. That is why each depot operates in its own fashion."

Yes, conditions for mastering the industrial method do not exist in all of them. Take the Kizel depot. Its shops are primarily in need of a radical reconstruction. Otherwise, there is nowhere to install the repair assemblies.

You see, the ministry instructions on the specialization of depots using an increased railcar repair volume talked about setting up the manufacturing of machining attachments on the railroads and about the uninterrupted supplying of the railcar workers with materials and spare parts. However, they are fulfilling this instruction differently. On some railroads, the depots remain alone with their problems and matters are far from being in order with supply. Let us say that there is a critical shortage of shaped metal and lumber, but, you see, the industrial repair method requires an increased expenditure of them.

However, they cut short directors, who try to raise these question, under the pretense that this is a parasitical position and an attempt to cover oneself at the expense of someone else.

Let us say right out that they have not allowed people to express themselves fully. Yes, some in their presentations accuse anybody of every sin—except themselves. It has been necessary to aim people correctly and to ask them to talk more specifically about what they intend to do, what they have achieved, what they have not achieved and why, and to analyze shortcomings more thoroughly. They interrupted them and did not provide an opportunity to think about what and for what. This, for example, occurred with the director of the Yershov depot where—according to the assertion of P. Nikolayev, the deputy chief of the railcar main administration (true, it was in a conversation with one of us after the meeting)—they have done quite a bit to introduce the new technology under conditions that are far from being the most favorable.

This was very noticeable when the representatives of the enterprises subjected the main administration and the ministry to an accounting. The latter answered them that the collectives are now independent and must themselves be more active in solving their questions and act boldly and in a nontraditional manner. When the talk touched upon the shortcomings of the enterprises, the specific character of the moment was seemingly forgotten and the usual rhetoric sounded: Look into it, punish, decide whether this or that chief is worthy to head the depot.

The session of the Collegium also discussed a report by G. Kalinovskaya, an industrial engineer in the South Urals Railroad's road design and technology buro, about effective innovations in setting up the maintenance of freight cars. The introduction of a dispatcher brigade process at the Kurgan Technical Maintenance Point (GUDOK also talked about this on 7 May of this year) permitted the quality in preparing trains for a trip to be raised and rejects and delays of consists on the route to be reduced by 30 percent. An accurate delimitation of functions between the railcar inspectors and metal workers, dispatcher direction of the sequence of work, the

elimination of nonproductive work-time losses, and the maximum use of advanced repair equipment were at its basis. However, they are spreading this technology extremely slowly.

It will be possible to do this if the entire set of problems is solved. The technical maintenance points have still only formally been renamed as technical maintenance points. Actually, they still remain technical inspection points because the railcar workers can only manage to inspect a consist superficially under the existing work and technology organization. There is no time for maintenance. The points for preparing railcars for loading are also being literally choked with "sick" ones requiring uncoupled repair. These points manage only to adapt them or shove them aside to their neighbors by hook or by crook.

The repair of rolling stock under the conditions of full cost accounting and self-financing lays like a heavy burden on divisions and railroads. Their desire to allocate as few resources and material as possible to restoring it is natural. Planning has remained as before—a swell from what has been achieved. In order to fulfill the plan and manage within the allocated limits, the depots are trying to select items that are easier to repair, leaving the more serious ones for later.

They are operating railcars until they wear out. The attitude toward them on the part of both the railroad workers and the clients is shocking. They beat them mercilessly both in the classification yards and in the loading and unloading areas. That is why the extreme measures adopted by the ministry, where it is essentially necessary to do first volume overhauls under depot conditions and pay for them in accordance with actual expenditures, have not permitted the problem to be solved: The number of railcars, which are removed from operation because of serious faults, is not being reduced but is growing.

That means that a radical nontraditional solution is required in order to improve the technical condition of railcars in a radical way. Specialists have still not found such a solution to the problem.

08802

Robotics Used at Velikiye Luki Repair Plant
18290153a Moscow GUDOK in Russian 3 Aug 88 p 1

[Report by GUDOK correspondent V. Yurasov under the rubric "With the Course of Technical Progress": "A Fast Freight Train"]

[Text] The collective of the Velikiye Luki Locomotive Repair Plant is actively introducing new and advanced procedures, doing a great deal for the sector's technical reequipment. Among the first things that the plant workers put into operation was machine tool equipment with programmed control. They are pioneers in the use of

robotics at MPS [Ministry of Railways] enterprises. They are continuously improving the construction of the hopper-batcher cars that they turn out. And here is another innovation developed there.

Many of the persons crossing the footbridge over the station's tracks on that hot July day witnessed this scene.

The track was free of rolling stock. A diesel switcher coupled to a single car was on the track. The minitrain was first gathering speed, then slowing down and stopping. It would come to a curve and brake at the switches...

With each stop, persons would jump out of the locomotive onto the embankment and get down to work right here: they were measuring something with a tape measure under the car's trucks and making notes in their notebooks. And then they walked alongside the moving car. And again they measured and made notes...

"They're testing something, checking it out," some people guessed.

And they were right. Indeed, they were conducting tests on the station tracks near the enterprise that day. They were checking the operation of a new truck under the car which was equipped with so-called free-turning wheels.

"This is a joint development by Bulgarian and Soviet specialists," said Doctor of Technical Sciences Yu. Romen, one of those taking part in the tests and a leading specialist of the VNIIZhT [All-Union Scientific Research Institute of Railroad Transport], referring to the new trucks for freight cars manufactured at the Velikiye Luki Locomotive Repair Plant.

Just what is this innovation?

G. Ignatenkov, the chief designer of the Velikiye Luki Locomotive Repair Plant, responded.

"The new truck," Gennadiy Ivanovich said, "is fundamentally different from those now being used. First of all, the wheel pairs turn freely on their axle, rather than being fixed, as they usually are. Secondly, the frame of the truck is not cast, but a welded, lightweight type. It rests directly on the axle, not on slipping assemblies [buksovyye uzly]. A fundamentally new assembly provided with roller and ball bearings has been used for the wheels to turn on the axle."

Without getting involved in a more detailed description of the new truck, I will say the following. Its construction, which provides for automatic adjustment of the position of each wheel, makes it possible to avoid contact between the flanges and the head of the rail. The wheels turn on the axle independently of each other and tend to take up the best possible rolling motion on the rail. The flanges are prevented from running against the rail and slipping in moving around curves. Wear and tear

and friction are being reduced, and very significantly. It will be easier for the locomotive to pull rolling stock, and hence the energy consumption for train traction also will be reduced.

I was present when the new trucks were tested. What particularly surprised me was the fact that even on a curve with a radius of 47 meters they do not squeak at all, which is usually the case.

According to specialists' estimates, freight trains equipped with these trucks will be able to travel at a speed of up to 160 kilometers per hour.

Tests with them have not been completed yet. They will be continued on the VNIIZht high-speed test track between Belorechenskaya and Maykop.

8936

Minister Reports to Pre-Holiday Meeting
18290153b Moscow GUDOK in Russian
6 Aug 88 pp 1, 3

[Report on Railroad Workers Day ceremonies and speech by USSR Minister of Railways N.S. Konarev: "True to Glorious Traditions: The Ceremonial Meeting Dedicated to Railroad Workers Day in Moscow"]

[Text] The country will observe Railroad Workers Day in accordance with a good tradition tomorrow, the first Sunday in August. A ceremonial meeting was held on the eve of the vocational holiday in the capital's "Rossiya" Central Concert Hall. Production pacesetters from the Moscow Mainline, the metro, and transport enterprises in the capital hub; staff members of scientific research and planning and design organizations; VUZ professors and teachers; and employees of the Ministry of Railways' central organization were assembled here.

Distinguished figures in the transportation field, winners of socialist competition from all the railroads in the system, Heroes of Socialist Labor, winners of the USSR State Prize and the Soviet trade unions' P. F. Krivonos Prize were invited for the celebrations here in Moscow. Everyone was in a happy holiday mood. Production pacesetters came to Moscow with reports on successful fulfillment of plan targets and socialist pledges. They could tell a great deal. How the decisions of the 19th All-Union Party Conference and the July Plenum of the CPSU Central Committee were received in their collectives. What is already being done to practically implement them locally. How the new methods of economic operation, cost accounting and self-financing are being assimilated.

It is 1730 hours. Places in the presidium are held by O. D. Baklanov, secretary of the CPSU Central Committee; V. K. Gusev, deputy chairman of the USSR Council of Ministers; V. S. Pasternak, chief of the Transport and Communications Department of the CPSU Central

Committee; L. A. Gorshkov, deputy chairman of the RSFSR Council of Ministers; managers of a number of ministries and departments; members of the Ministry of Railways collegium and the presidium of the sectorial trade union's central committee; senior officials of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU; representatives of the Armed Forces of the USSR and Moscow party, soviet, trade union, and Komsomol organs; production innovators and leading scientists and specialists in the transportation field; and foreign guests.

The ceremonial meeting dedicated to Railroad Workers Day is opened by L. B. Titova, secretary of the central committee of the Rail Transport and Transport Construction Workers Trade Union.

The national anthem is played.

The floor is turned over to Minister of Railways N. S. Konarev.

Soviet railroad workers, the minister said, are observing their vocational holiday at a momentous time—during the period in which the decisions of the 19th All-Union Party Conference, a historic event of great importance for the future of the country and the Soviet people, are being realized. At this forum of communists, a principled discussion which was unprecedented in its openness was held on the present and future of our motherland and the most topical and urgent problems of restructuring. A clear-cut political and economic strategy for restructuring was worked out.

The immediate measures to carry out its decisions in railway transport were discussed and set forth in exacting manner, without smoothing over the rough edges, and in a party spirit by the Ministry of Railways collegium right after the conference ended.

The sector is confronted with major and complicated tasks. A great deal has to be done to perfect the economic mechanism and increase work efficiency in order to bring the sector out to the forefront in world practice.

Results of work in the first half of the current five-year plan provide every justification to believe that the tasks set for the sector will be carried out. More than 140 million tons of freight above the plan were transported over the preceding period of the five-year plan. The target for passenger turnover that had been set for 1990 was reached in 1987. The labor productivity of workers directly involved in transportation rose by 18 percent, which is 1.5 times above the target set for the five-year plan, and their average monthly wage was increased by 41 rubles, reaching 275 rubles. One billion rubles in above-plan profit have been received. Positive shifts have begun to take shape in the construction of housing and projects in the social area.

This year railroad workers have fulfilled the transportation plan ahead of schedule. About 55 million tons of additional national economic freight were carried over the 7 months. About 385 million rubles in above-plan profit have been received.

The results of the sector's work since the beginning of the five-year plan and during this year have to be regarded as the result of positive steps taken in organizing the transportation process. The shift to full cost accounting and self-financing and the extension of economic management methods have opened new prospects, given free range to initiative and enterprise, and have made it possible to raise the interest of each worker in the sector in the end results of his work.

At the same time, we cannot tolerate even a vestige of complacency when there are still so many shortcomings in transportation work; when certain managers, and sometimes entire collectives, have not restructured and still wait for some kind of instructions from the top; and when administrative and pressure methods prevail here and there, both on the line and in the ministry's central organization.

No less than 4.1 billion tons of freight have to be shipped this year. We cannot help but be concerned by the fact that the pace of transportation work in the second quarter has declined compared with the first quarter and that the level of work in July was lower than the same period in 1987. The state order has not been fulfilled for a number of freight shipments. Unfortunately, we have not yet succeeded in finding effective economic levers of influence for more efficient management of operational work.

Efficient and really exemplary organization of passenger transport is the most important social and political task facing railroad workers. Work is now being carried out on the railroads to improve passenger service, cope with the increasing volume of traffic, expand services, and to provide real service in terminals and on trains.

However, a great deal still remains to be done. Under the conditions of limited capacity, the opportunities for making trains longer in accordance with the Moscow Railroad's experience and for increasing speed are obviously not being utilized adequately. Measures are needed which will make it possible to cope with the higher target for passenger turnover in the second half of the year—to fulfill no less than 233 billion passenger-kilometers and to receive 120 million rubles in additional receipts from transportation through this.

With the shortage in the fleet of railroad passenger cars, particular attention must be devoted to increasing efficiency in its operation, improving seat use on trains, and perfection of the "Ekspress-2" system which is in operation today on 10 railroads.

New forms of services provided for passengers have been extensively developed lately: the organization of hotels at terminals in specially selected cars, the showing of films in video rooms, the operation of game machines, the shipment of parcels on trains, and the sale of souvenirs, industrial commodities, literature, and so forth.

We can point out today that there are many collectives in the railroad system that are providing a high level of passenger service. The popularity of such leading enterprises as the Moscow Railroad Passenger Service Agency; the Central Rail Terminal in Kiev; the terminals in Chelyabinsk and Brest; the Minsk Railroad Car Section; the "Latviya," "Yuzhniy Ural," "Ukraina," "Krasnaya strela," "Rossiya," "Vyatka," "Kharkov," and other firm trains is well-deserved.

The task of improving the organization of passenger food services in terminals and on trains is very important. In many places restaurants are now being turned into self-service cafeterias, which has met with passengers' approval. There are already 117 such cafeteria-restaurants, and 26 public dining cooperatives, which prepare and sell various types of products, have begun operation. Considerable attention is being devoted to the development of additional services which require payment.

Our country's metros have rightfully won the people's approval as one of the best forms of urban passenger transportation. They now operate in 12 cities. Their lines cover a total distance of 474 kilometers. They have 323 stations. The Sverdlovsk and Dnepropetrovsk metros are being readied for introduction in 1989 and 1990, respectively. In Moscow, 45 new kilometers will be put into operation and 109 kilometers on lines now in operation will be renovated in the current five-year plan.

At the same time, N. S. Konarev continued, the existing system of passenger service does not fully meet current requirements. On a number of lines, primarily the October, Baltic, Transcaucasian, and Central Asian Railroads, particularly during the summer, the people's demand for transportation is not always met, there are difficulties in obtaining tickets and information at terminals, and there are a considerable number of shortcomings in passenger service en route. Train conductors are often inattentive and at times even rude with passengers. Train schedules are not followed, and what is particularly intolerable, there is a threat to travel safety at times. There are irregularities in metro operation.

Workers involved in passenger transportation should provide the maximum in effort, attention, concern, and creative initiative to ensure that the necessary conditions and convenience are available at terminals and on trains.

Railroad transport has been operating under the conditions of cost accounting and self-financing for 7 months. It is not a long period of time, but it has shown that labor collectives' specific concern about the end results of their work has been significantly increased. The collectives of

the Moscow, October, Southeastern, Belorussian, and West Kazakhstan Railroads have coped with the profit plan with particular success. Painstaking work is under way to look for additional income. The task has been set: acquire as much freight as possible for transport, deliver it in a timely manner, and apply contracted tariffs more extensively for higher quality. Particular attention is to be given to food transport and to the organization of food express shipments.

Another major direction for increasing work efficiency is by reducing the consumption of all kinds of resources. It is common knowledge that if the work force has no idle time and if there is no above-norm and overtime work, there will be savings in the wage fund. If fuel, electricity and materials are consumed efficiently, there will be savings in material resources. If unproductive expenditures and losses are eliminated, there will be more economy.

However, there is considerable distance between "knowing" and "knowing how." This was graphically demonstrated by results of activity this year by a number of economic managers and collectives. In the first half of this year, overexpenditure of operating funds in the railroad system amounted to 128 million rubles; the Sverdlovsk, West Siberian, Kemerovo, and Far Eastern Railroads "distinguished themselves" particularly here.

Restructuring is proceeding slowly in sectors of our economy. Is it really tolerable that 77 locomotive depots are not fulfilling the profit plan this year? The labor and rest routine for locomotive crews has not been strictly adhered to thus far. The level of mechanization in repair operations is not high. Hard manual labor has not been eliminated. Because of the poor quality of repair and maintenance on freight cars, a significant number of wrecks, accidents, and cases of defective workmanship, as well as uncoupled cars because of technical malfunctions, are being permitted. The number of sections in the system with a speed restriction because the tracks are in poor condition is not being reduced.

A number of plants in the Rolling Stock Repair and Spare Parts Production Main Administration are not coping with the plan targets for car and locomotive repair. Shock work has not been eliminated at enterprises in this sector, and contract deliveries are disrupted and profit is lost as a result.

Railroad transport suffers its biggest defeats because of traffic safety violations, which lead to wrecks, accidents, and sometimes casualties, flaws and failures of technical devices, and work interruptions. This is also ruinously reflected in the fulfillment of train schedules, it reduces the lines' capacity, disrupts the flow of traffic, and leads to considerable material and other losses.

Basic attention in the struggle against accidents must be concentrated on thoughtful work with people. Ensuring traffic safety is a controllable process. It requires a high degree of organization and purposeful actions.

The speaker devoted considerable attention to the importance of achieving the highest increase in labor productivity among world railroads in the coming years. For this it needs to be increased by 28 percent as much over the five-year plan. The main support in achieving this goal is acceleration of scientific and technical progress and extensive use of the Belorussian method, which is well-known to the entire country. Owing to this initiative, important results have been achieved in resolving the most important social problems. Railroad workers' wages have been increased with their own funds, personnel turnover has been reduced, the incidence of illness has declined, losses of work time have been decreased, the prestige of engineering work has been increased, and labor and production discipline has been reinforced.

Major resources for increasing labor productivity lie in widespread development of the collective contract. This assumes particular significance with the coming into force of the Law of the USSR on the State Enterprise (Association). It will be possible to carry out a larger volume of high-quality work with less workers. The collective contract fosters an attitude of intolerance toward waste and inefficiency among workers and encourages initiative and enterprise.

Measures have now been outlined for broad expansion of the collective and family contract in transportation, taking advantage of the experience of collectives in subdivisions of the Kurgan line, the car depot in Kuybyshev and the Gorkiy classification yard, the locomotive depot in Slavyansk and a number of other enterprises.

Sluggishness is intolerable in this work. Development of the contract method is being seriously impeded because many managers are psychologically unprepared to bear financial responsibility for disruption of normal work conditions and shortcomings in the supply of materials, raw material, and spare parts. We must move more boldly in this direction.

The steady increase in traffic and its density, the minister continued, requires a continuing increase in railroads' carrying capacity and their technical reequipment. Over the past 2 years, 1,200 kilometers of new lines have been built, about 1,300 kilometers of second tracks have been laid, and 3,200 kilometers of the lines have been electrified. Stations and junctions and locomotive, railroad car, and other sectors are being further developed and the plant repair base is being strengthened. The use of automation and computer equipment is being expanded. In 1988 alone, more than 7 billion rubles are being channeled into development of the sector's material and technical base and projects in the social area.

The Communist Party and the Soviet Government are devoting continuous attention to railroad transport and are demonstrating their concern for its further development. A decision was made in December last year on the draft of a program for technical reequipment and modernization of the railroads in the USSR from 1991 to the year 2000. The complete replacement of obsolete technical facilities is envisaged as the priority task. Modernization of the railroads should be carried out with advanced machines, machinery, and equipment.

Inasmuch as railroad transport will continue to lead in the shipment of freight in large volume in the future and the volume of it will increase substantially, a broad program of operations to develop the rail system, increase the lines' capacity, and introduce intensive technologies is being studied. Principal attention is being given to the construction of additional main lines, electrification of lines, and automation of the transportation process. By the year 2000, it is planned to build a specialized high-speed passenger line from the Center to the South, where speeds of 300 to 350 kilometers per hour are envisaged.

Fundamental reconstruction of the repair base, the industrialization of current repair, the introduction of more advanced technologies with the use of ASU's [automated control systems], reduction of manual labor, and more extensive use of robotics and manipulators—this is an incomplete list of the problems which must be resolved in the sector today. Railroad workers are waiting for those who supply the equipment—the enterprises providing the electric locomotives, diesel engines, cars, and track machines—to make a rapid shift to the needs of transport. All this equipment should be on a level with the best foreign models.

An extensive social program has been worked out and is being implemented in the sector. Plans for 2.5 years of the five-year plan have been fulfilled for commissioning general education schools, children's preschool institutions, hospitals, polyclinics, and vocational and technical schools. In order to increase the volume of housing construction, the ministry switched 326 million rubles in capital investments from production projects to housing construction in the 1986-1988 period.

It is planned to transfer no less than 10 percent of the funds from production to nonproduction construction in the coming years as well. Cooperative and individual housing construction is being developed. The number of houses being built with an organization's own resources is increasing. In the 2 years of the current five-year plan alone, railroads have built 440,000 square meters of housing, or 11 percent of the total housing volume put into use, through their own resources.

We realize that railroad workers' most critical needs are still not being met. For this reason, it is urgently necessary to look for every possible opportunity to increase the rate of construction on projects in the social area.

The Ministry of Railways will support any initiative of value aimed at resolving this problem. Our people deserve to have the maximum amount of attention devoted to the conditions in which they work and live. The new economic mechanism and the independence of enterprises are creating abundant opportunities for this.

The role and high responsibility of scientists and specialists are characterized at length in the 19th All-Union Party Conference resolution "On the course of implementation of the 27th CPSU Congress decisions and the tasks of extending restructuring." It was stressed that revolutionary restructuring is impossible without activating the intellectual and spiritual potential of society and the progress of science and technology in every possible way and without increasing the scientific and technical contribution of scientists and engineering personnel. The role of scientific and technical progress is especially important in transportation because of its very nature and the conditions of the work. In the remaining years of the 12th Five-Year Plan, transportation scientists and specialists must take major specific steps to speed up scientific and technical progress so that the sector assumes leading positions in the world in the basic quality and economic indicators.

Socialist competition has become an important factor in the labor and sociopolitical upsurge in transportation labor collectives. During the course of the shock watch in honor of the 19th All-Union Party Conference, the highest indicators were achieved by collectives of the Odessa, Donetsk, North Caucasus, Tselina, West Siberian, and West Kazakhstan Railroads; the Moscow, Minsk, and Novosibirsk Metros; the Krasnoyarsk and Moscow Industrial Railroad Transport Associations; the Rostov Electric Locomotive Repair Plant; the Ussuriysk Locomotive Repair and the Gomel and Darnitskiy Railroad Car Repair Plants; the Lyublinskiy Foundry and Machine Plant; and the Artemovsk and Losinoostrovskiy Electrical Engineering Plants.

The workers who distinguished themselves the most in competition were invited to Moscow to celebrate Railroad Workers Day. The minister spoke about their accomplishments and wished them further success.

The July Plenum of the CPSU Central Committee, the speaker said, became an important stage in implementing the tasks outlined by the 19th All-Union Conference of the CPSU. The decisions adopted at it for practical fulfillment of the party conference's resolutions direct all railroad workers toward creative labor and require that they intensify their contribution to restructuring to ensure that the country's requirements for transportation are met fully and expeditiously with high quality.

In conclusion, the speaker warmly and cordially congratulated those taking part in the meeting on the occasion of the forthcoming holiday on behalf of the Ministry of Railways collegium and the presidium of the trade

union's central committee, and wished them many new successes in their constructive labor for the good of the motherland, good health, and personal happiness.

L. B. Titova, secretary of the trade union central committee, reported that a great many holiday greetings and congratulations had come to the presidium from party, soviet, trade union and economic organs, from many collectives in railroad transport enterprises and subunits and other sectors of the economy, and from the transport workers of fraternal socialist countries. The participants in the ceremonial meeting cordially expressed their gratitude and thanks for the warm greetings, good wishes, and parting words.

The ceremonial meeting dedicated to Railroad Workers Day is declared closed.

The National Anthem of the Soviet Union is played again.

A big holiday concert was provided for those taking part in the ceremonial meeting.

8936

Locomotive Simulator Aids Crew Training
18290148a Moscow GUDOK in Russian 24 Jul 88 p 2

[Article by V. Mikheyenko, locomotive-engineer instructor (Moscow- sortirovochnaya [Switching Yard]): "The Locomotive Engineer in the Danger Zone"]

[Text] You do not think that someone intends to create on the tracks some kind of danger zones for locomotive brigades. It is a matter of a system for training locomotive crews and a new methodology for it that was developed at the railway overhaul shop of the Moscow Switching Yard.

Back in 1975 a so-called shadow trainer for an electric locomotive, which was developed by staff workers of the PKB [design-development office] of MPS's [Ministry of Railways] Main Locomotive Administration, began to operate. It is a locomotive cab, with all the control facilities, five meters from which a screen is installed, where a computer reproduces the overhaul shop of the railroad section being served. The trainer has been used for more than 10 years for checking the correctness of handling of trains and the interaction of members of the locomotive brigade. The level of training does not go beyond the framework: "Green," "I see green," that is, execution of the elementary requirements of the running safety laws.

Several years ago a locomotive-engineer instructor of the Moscow Switching Yard conceived, and in the past year executed, a modernization of the shadow trainer. Now, by means of this same computer, during "tests" of

brigades, it is possible to give the weight of the train, from 1,000 to 10,000 tons, to monitor electrical consumption, and to set a nonstandard task for the people being examined. For example, to simulate a covering of ice on the wires of the catenary system or a malfunction in the electric locomotive's electrical system. Twenty-three programs were developed for this purpose.

It should be noted that locomotive engineers and their helpers cannot attend technical studies now but can study at home by the "Correspondence and Consultation System of Training." For which purpose the management of the overhaul workshop proposes, before the 20th of the last month of a quarter, two or three specific topics for the next three months, based upon an analysis of defects on the lines and concrete and proposed weather and other operating conditions. Attendance at the test in accordance with an approved schedule is mandatory. Naturally, if the brigade does not have any faults at work, or violations of labor discipline, or deprivations of courtesy pass No 2. In these cases the locomotive engineer and helper are compelled to appear for special examinations. A special examining machine created by skilled craftsmen of the overhaul shop checks their knowledge of rules and directives. Such a verification has enabled not only the level of knowledge of locomotive brigades to be raised but also complaints about nonobjectivity of the examiners to be precluded. The engineers themselves take a card with questions, prepare the answers, and compare them by means of the machine, which also gives the final evaluation of their knowledge.

Three men usually are asked to be on the trainer. Each training trip (without extreme situations) is recorded, and speed-measuring tapes enable a check on where one commits errors or overconsumes electricity, or, on the contrary, achieves success. Thus the teaching is clarified. Such a measure has allowed 60 locomotive engineers to assimilate in a short time rational methods for driving trains. And to get a personal report of savings achieved.

And here the instructor gives the test subject a malfunction on the locomotive or creates a situation of a wayside stop signal cutoff. How will the engineer react in this situation, what kind of braking will be applied? If the examinee acts erroneously, then a similar situation is presented to his colleague. And what do you know—the comrade will repeat the same errors. What is the reason? It is as if the test engineers, who have seen everything in practice, "think" more with their hands than with their heads. Moreover, the former methods of teaching disposed people to full uniformity of methods, which is impermissible in life, since actual breakdowns cannot be absolutely identical.

We have in the overhaul shop a strict delimitation of concepts of running safety and locomotive malfunctions. In the latter situations the examinee transfers to another trainer, where full freedom of action is granted him. The

sole mandatory prerequisites remain unswerving observance of the rules for work safety. If the malfunction is eliminated in 10 minutes—excellent, 15 minutes is good, 20 minutes is satisfactory. But even if the breakdown is not observed and the engineer can continue to operate, only he should “place an order” for help....In brief, the teaching process is as close as possible to reality.

The engineer instructor does not intervene in the actions of the one being checked until the very end, since each one's own experience and his own habits are mentors, and each specific person has his own. The essence is not which method the locomotive engineer uses to find the malfunction, the main thing is whether he acts competently. Naturally, we must not overlook the time factor. But this is during the analysis of the examinee's actions, which is performed democratically, without any cause for resentment and, certainly, it is useful to all the comrades present.

This, briefly, is what can be said about the method for teaching locomotive brigades at the Moscow Switching Yard's overhaul shop. We have managed to restructure quickly in the collective, and we have understood that the numerous instruction sessions about wrecks and accidents do not make an impression unless one can be in an extreme situation. The main purpose of the exercises conducted in the overhaul shop—not only to increase the engineers' technical knowledge but also to strengthen the running safety of the trains—will be achieved, it must be assumed.

The Ministry of Railways has assessed positively the experience of this work and has given an instruction to introduce the correspondence-consultation system of training locomotive brigades in all the network's depots.

11409

Rolling Stock Parts Failure Examined

18290148b Moscow GUDOK in Russian 29 Jul 88 p 2

[Article by Yu. Fayershteyn, manager of the Reliability Division of the PKB [Design-Development Bureau] of the Main Administration for Railroad Cars of MPS [Ministry of Railways]: “An Imperceptible Crack”]

[Text] A recent case. A suspended beam on a car of a freight train broke between the Lvov and Podolsk Railroad Yards on the Moscow Railroad. Fortunately, there were no grave consequences. The locomotive engineer felt a jolt and stopped the train. However, the interruption lasted four hours.

Many other instances when inadequate reliability of cast steel parts of the running parts of cars caused accidents and even wrecks on railroads can be cited.

In the second half of last year a large number of suspended beams and side frames were checked during repair at the car repair shop. Because they had cracks,

2.16 and 0.39 percent of them, respectively, were condemned. Behind these figures are potential accidents that the repairmen prevented.

The fact that each year the number of breaks of these important parts does not decrease and is counted in the tens per year causes concern. The car men do not have reliable means for determining their operating state. PTO [technical inspection point] workers have dreamed for a long time of having a portable instrument that would enable concealed defects to be found.

Matters are no better at the shop that repairs freight cars. Only handfuls of them have the ferroprobe installation created by specialists of the Urals Division of VNIIZhT [All-Union Scientific-Research Institute for Railway Transportation] for evaluating objectively the operating state of cast parts. Most cracks are found by the old-fashioned method—daubing with chalk. It is labor intensive and, the main thing, it is not effective enough. Not trusting it, the repairmen also act formalistically, daubing chalk on the parts without first saturating it with kerosene. As a rule, at the repair shop this operation is not assigned to the defectoscope operator but to an auxiliary worker, who often paints the side frame with chalky water on an already assembled car, only in order to call this fact to the inspector's attention.

Thus a potentially dangerous car often goes into operation. Well, then, punish the car men? But are they guilty in this?

While violation of the geometrical dimensions of an article is easily found by means of the simplest tool and templates, concealed defects in cast steel parts that weigh several hundred kilograms can be observed only by means of special equipment for nondestructive testing. No other method can guarantee high-quality diagnostics of the operating condition of important car parts.

Analysis shows that the longer these parts are operated, the more often dangerous defects will be found in them. Of every thousand suspended beams with operating time of 21-25 years that were surveyed last year, about 45 had cracks and 98 had been operating for 26-30 years now. A similar picture prevails also with side frames. It becomes clear how important it is to give the car men reliable equipment, so they will be able to find all these defects in time and thereby prevent unfavorable situations on the railroads.

But there is still this problem. The operators today are not able regularly to condemn parts that have served their operating time. Ask any chief of a car repair shop how many spare suspended beams or side frames he has in storage. He will grin bitterly and throw up his hands. Not one overhaul shop has an unreduced reserve of these important structural parts with unexpired service time. And cars on which they should have been replaced long ago will be found on every railroad.

Moreover, transport enterprises have not been supplied with these parts, and they still are not of high quality. In each thousand suspended beams that have been operating for less than five years, two or three have cracks, and twice as many in those that have served 6-10 years. Of the beams surveyed during the second half of last year during car shop repair, it turned out that those with cracks were produced at the Uralvagonzavod [Urals Car Plant], the Bezhitsa Steel Castings Plant, the Lyublin Machine Foundry Plant, and other enterprises. As soon as they were found, the manufacturers should have shown a lawful interest: what is the cause? Is it the result of operation or an industrial deficiency? Or perhaps the chemical composition of the steel, or other indicators do not meet the specifications? Strange as it may seem, for many years not one of these plants that manufacture suspended beams and side frames have been interested in the fate of their output.

Incidentally, an example of another approach to questions of output quality can be cited. A small crack was observed recently in one of the running parts of a refrigerator section built in the GDR. The rules authorize elimination of such a defect by welding during repair. But this was a guaranteed section. What had happened was reported to the chief of the Dessau plant in Metz, who happened to be in Moscow that day. A decision was quickly made: replace the defective part quickly and, despite the sizable expense, send it to the GDR for study of the reason that the crack appeared....

Only in this way can output quality be raised.

VNIIZhT can do much about this matter. For the present, our branch's institute shows activeness when some extraordinary event has already occurred. Then elucidation of the causes and analysis are started. But unfavorable situations must be prevented.

In examining this problem you involuntarily ask yourself the question—why are these beams and frame breaking at all? For there are parts that are similar in purpose and operating conditions in the wheel trucks of all modern locomotives and passenger cars, one can hardly recall cases where they broke, and, what is more, with grave consequences. Of course, under those same freight cars are wheel-pairs axles that are under just as much load and also practically never let one down. It turns out that the specialists were able to design and develop the structure competently. It is simply necessary for those who created the wheel trucks of freight cars to once again get behind their Kuhlman drafting units and once more prove themselves.

Six steel casting mills ship cast parts for freight rolling stock, and the suspended beams and side frame of all six manufacturing enterprises "crack." Under a different arrangement, one could sin by violating the technology. But to put all six plants in the ranks of the slipshod is scarcely correct. The problem, above all, is the correct choice of structure.

Right now the practice of loading up cars above the rated norm is widespread. This, it seems, is a form of intra-agency volunteerism which is denounced by the Gosstandart [State All-Union Standard] and the carbuilders. The rolling of wheel trucks outfitted with old suspended beams and side frame under new rolling stock, which continues, is detrimental. The car repair plants and border crossing points that change track gauges still permit this, in defiance of the ministry's repeated orders.

The reliability of the undercarriage structure of cars should be guaranteed. The fight for this must begin with the development of a unified program that coordinates the efforts of the railroaders, the machinebuilders and the clientele.

11409

Kolomna Plant Readies TEP-Series Locomotive *18290148c Moscow GUDOK in Russian 30 Jul 88 p 2*

[Article by M. Lidina: "The Youngest of the TEP Family"]

[Text] The Kolomna Diesel Locomotive Construction Plant imeni V. Kuybyshev, which is, by the way, the country's sole producer of diesel locomotives for passenger trains, now is manufacturing TEP70 series machines. This is a passenger-type locomotive with electric drive, and the figures indicate the date the model was created. Last year an interagency commission accepted a so-called inaugural lot, which had passed comprehensive tests on various sections of the steel rails. And this year their series output has started.

...Here is the diesel-locomotive assembly department. Here four locomotives are being assembled simultaneously by five brigades of mechanics under brigade leaders V. Makarov, A. Makarov, V. Gulyanov, V. Lovtsov, S. Afanasyev and S. Krotov. The mounting of equipment is starting on one, assembly is finishing on another, a third is going to testing, and a fourth is being readied for it.

Here a worker fastens a stencil with the model's name and the number—TEP70-0115—to the bumper of an almost finished bright-red machine with dark cherry-colored band around the middle. This means that soon one more new diesel locomotive will go out the plant's gates. How does it differ from its older brothers, the TEP60's?

"The main virtue of the TEP70 is its power—4,000 hp, that is, 30 percent more than locomotives of the preceding generation. It can pull trains up to 22 cars long, with a total weight of up to 1,200 tons," explains A. Podo-prosvetov, lead engineer of the chief designer's section. "All this will enable the requirement for diesel locomotives to be cut 25 percent."

This brainchild of Kolomna also has many other advantages: the metal-intensiveness of the machine is greatly reduced (by an estimated 30 percent per unit of power). Fuel consumption has been reduced 13 percent. There are many new design solutions. In particular, a system of centralized air supply for the electrical machinery from one axial-flow fan is used here, greatly increasing its efficiency. The diesel locomotive is also equipped with systems for automated regulation of the electrical transmission and with electric brakes. One of the virtues of the locomotive: an automatic device has been used here to find malfunctions in the electrical control circuits. Its originator is a plant collective under B. Moroshkin, deputy chief designer and candidate of engineering sciences.

This year several tens of such diesel locomotives will be produced, and it is planned to almost double production of them by the end of the five-year plan.

The Kolomna machinebuilders have already developed the latest generation diesel locomotive, the TEP80, for the third millennium. The plant recently started to fabricate the first test model.

You still do not see it in assembled form. But traces of the machine can be found in almost all the plant's departments. In some, parts for the frame are being made (there should be more than 3,000!), in others—tooling for the manufacture of new parts and components is being created, and in a third the four-axle (instead of the former three-axle) wheel truck is being made.

The critical-path schedule for the test model has been approved at the plant. It shows precisely the dates for manufacture and assembly of the main components. Twice a month those responsible for them report at operational conferences to B. Plotnikov, general director of the Kolomenskiy zavod production association. Two test models should be built this year and next. Then they will leave for testing.

"The TEP80 diesel locomotive, with 6,000 hp and increased traffic effort, was developed in accordance with an order by MPS [Ministry of Railways]. It can pull a passenger train of 27 cars and a total weight of up to 1,600 tons," says Yu. Klebnikov, the plant's chief designer.

But here the railroaders have set a condition: the load of the wheel pairs on the rails should not exceed 22.5 tons. The task was extraordinarily complicated. The condition was met primarily by the creation of an original design for a four-axle wheel truck. It has no counterparts in world locomotive building practice.

The youngest of the TEP family has enormous advantages over the TEP70. Power has been increased one and a half times, and metals intensiveness of the machine has been greatly reduced by the use of aluminum and plastic

parts (instead of steel). And operating costs have been reduced meaningfully. It can pull the longest passenger trains on the most difficult sections of the road, those with steep grades.

It is estimated that the economic benefit from the production and operation of the TEP80 in rail transport will be about 200,000 rubles per year.

11409

Enhanced Automated Passenger Services Noted
18290150 Moscow ZHELEZNODOROZHNIY
TRANSPORT in Russian No 7, Jul 88 pp 14-15

[Article by Yu.A. Novakovskiy, chief of the Moscow Railroad Agency of the Moscow Railroad, and S.G. Kavan, deputy chief of the Agency: "The Route to Automation: New Developments in the Operation of the Moscow Railroad Agency"]

[Text] Raising the quality of ticket procurement service for passengers and expanding the number of services rendered them are extremely important tasks of the collective of the Moscow Railroad Agency (MZhA). In the over 20-year history of existence of this major passenger operation enterprise, many advanced methods of passenger service have been given a start in life, based on largescale application of automated devices for cash-ticket operations and expansion of the information-directory service. This has made it possible for the collective to cope successfully with the constantly growing work volumes.

Now, under the conditions of transition to full economic accountability and self-financing, the MZhA workers are paying great attention to further improving the production activity on the basis of expanding the network of order-receiving and ticket sale offices, and improving the directory and information service, through introducing the Ekasis-1 automated system and through automating various operations.

For example, four new MZhA branches were recently opened in the densely populated areas of Moscow, the Vnukovo Airport and Zhukovskiy. This has contributed to sharply reducing the queues and lessening the load on the ticket offices.

On the eve of the mass summer passenger transport season, a new concourse with 17 ticket offices was opened in the MZhA building. The number of work places in the divisions of the order and information-directory bureau was considerably increased. Carrying out a set of measures to expand the network of ticket sale stations made it possible to serve 690,000 more passengers in 1987 than in 1986.

The technology for delivering telephone-order tickets has been further improved. An hourly travel document delivery system has been introduced to provide greater

convenience. This made possible, for the first time since 1980, a considerable improvement in the number of services rendered passengers ordering tickets by telephone. In 1987, the order bureau department served 48

more passengers than in 1986. The delivery of tickets to the door increased by 124,000. Introducing new technology for delivering tickets to the Moscow City Travel Bureau was very effective: about 500,000 rubles profit was obtained.

The directory information service is developing. The work places of the information duty workers have now been re-equipped. Now, the next call cannot go through to the information agent's work place until the passenger puts down the receiver. This has made it possible to organize the work of the duty personnel to issue information on the basis of standardized instructions and to heighten the material interest of the personnel, which in turn has contributed to a sharp increase in the labor productivity of the directory-information department workers. In the future, we are planning to introduce continuous standardized information for workers in other departments as well, which they earlier performed only in the mass passenger transport period.

In the course of improving operations, the MZha paid great attention to automating their information service. For this purpose, eight information terminals were installed in two waiting rooms, which enabled passengers to talk to the computer. In this way, they could, by themselves, find out about seat availability on the trains. Television sets were installed in four waiting rooms, with screens giving out information on seat availability for a train, according to destination. The television information-directory system (TISS) operates automatically. This innovation is accelerating the acquisition of travel documents at the ticket offices because it shortens passenger service time and is reducing the load of the MZha information bureau.

Great attention is being paid to expanding paid services for the people. For example, an agreement has been made with Soyuzreklamfilm to organize a showing of video tapes of publicity films in the waiting rooms of the agency. In November-December 1987 alone, the Orbita Association transferred about 5000 rubles to the station's current account for publicity cassette hire.

Analysis of the ticket-office work showed that the labor productivity of the cashiers could be raised by a factor of 1.5 if they are permitted to take information on space availability. This practice was introduced earlier in the department of the order bureau. Now all the ticket offices are working under this system.

Correct accounting of the ticket office operations and promptness in compiling the return report on the ticket sale and presenting it to the financial service of the railroad administration are very important for a rise in passenger service quality. The Ekspress-2 automated

control system for ticket sale affords broad opportunities for a rise in accounting quality and a reduction in the periods for account compilation. Not all trains, however, are presently selling tickets through an automated control system. Therefore, for these trains, the tickets are made out by hand. In the last analysis, this leads to considerable loss of time and complicated accounts when the records are compiled. The most efficient way to facilitate this work is to use a computer, especially to process hand-sold travel documents. For this purpose, MZha has developed an automated accounting system for ticket forms, station reports and verification of the ticket sale books in the accounting and reporting group (ROBUKS system), which ensures a higher quality of accounting.

Reports on ticket sale constitute the only source by which revenues from passenger transport can be calculated and distributed among the railroads and their production and financial indicators be determined. In addition, these reports contain the data necessary to work out statistical indicators (volumes of passenger departures for each station, number of people in the cars, etc.), which are used to compile train traffic schedules and work out measures directed toward developing passenger systems and improving passenger services.

The Accounting and Reporting Group (GUO) of the MZha monitors the financial activity of the subdivisions of the Moscow-Passazhirskaia-Yaroslavskaya station engaged in passenger service. Its workers compile financial reports every month. This work entails the following tasks. Every day the group's workers check the correctness of the money turned over to the bank by each cashier for the ticket office operations (both by hand sale and by the Ekspress system) through checking the sale books, and determine that the tickets turned over for return and filled out by hand at the suburban service and baggage service are filled out correctly. Every day, according to the books of sale, a comparison is made of the availability of forms for the travel documents and their consumption. The financial report is compiled on this basis. Formerly, 34 GUO workers were engaged in this labor-intensive work.

At present, the MZha has automated the processes of verifying the filling out of travel documents given in by hand, accumulating data for each stock of forms during the month and issuing, on the basis of the data accumulated, all types of reports for all the required references. A Robotron-1715 personal computer is used for this.

The stubs from the ticket forms and the receipt slips for additional payments, the sheets assembled for ticket sales through the Ekspress-2 automated control system, as well as by hand, of the commission collections for tickets sold through the Ekspress-2 automated control system and also by hand, and the cards for form accounting are used to compile the report and check the sale books at the GUO and to calculate the travel documents. The ticket stubs and the receipt slips for additional

payments are turned over by the cashier to the GUO personnel. In order not to overburden them, it is expedient to turn the stubs over to the GUO every day.

After the incoming documents are processed on the computer for each code of the documents, a storage card is issued according to the form tickets and additional payments, as well as a report on the check of inventory. Once a month consolidated reports are issued on ticket sales in the direct, local and return services.

A standardized information service has been introduced into the system. This is a list of the documents used to determine the type of rate according to which payment is taken for the journey and information on the stations to determine the zone, transfer points and distances, on the basis of which the output forms and list of stock numbers are made up, indicating their territorial affiliation to MZhA or the Yaroslavskaya station, as well as the collection of tables for the cost of the trip along the USSR railroads, which contains information on the rates for passenger transport by zones, used to verify the correctness of the fares collected for the trip, and a list of classifiers and dictionaries.

Let us examine the technology of the solution to the problem of "Compiling the Report and Checking the Sales Books in the Accounting and Reporting Group," which, in our opinion, is of interest for other railroads. Every day the ticket cashiers turn over to the GUO the stubs for the travel documents issued by hand, as well as the spoiled forms for the previous day. Every day the GUO receives information from the collecting agents on the amount of money turned in by the cashiers. Information on the batch of forms issued is turned over to the GUO as new forms for the stock are issued. On the basis of these data the GUO solves the problem on a Robotron-1715 personal computer, by eighteen functional modes. The main ones are information input from the stub, the assembly sheets and the blank accounting cards, the printout of the storage cards and the printout and merge of the consolidated reports.

Automation of the GUO operations made possible a sharp rise in the labor productivity of the workers engaged in monitoring the financial activity of the ticket cashier, a 26-person reduction in staff and elimination of abuse incidents. The economic effect from its introduction is over 33,800 rubles.

When working under the new economic conditions, the MZhA collective, in the first quarter of this year, served almost 400,000 more passengers than in the same period last year. Advanced workers, outstanding for an innovative approach to the operation deserve great credit for this. They are the ticket cashiers N.I. Sakharova, N.M. Krylova, A.V. Karpenko, L.I. Bykova, G.V. Starostina, N.P. Gracheva and many others who achieve extremely high work productivity and render exemplary service to passengers.

The production reference points of our enterprise for 1988 were determined by the socialist commitments. The year's plan for local revenues is slated for fulfillment by 28 December, and 2,100,000 services are to be rendered by using all the advanced methods. Stepped-up assignments have been established for advanced ticket sale and directory-information service. Fulfillment of the increased commitments will make it possible to satisfy the population's need for transport more fully.

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12151

Safer Metro Cars Produced

18290131b Moscow GUDOK in Russian 29 Jun 88 p 2

[Interview with V. Gurevich, deputy chief designer in the Mytishchinskiy Railcar Building Plant, in Mytishchi, by M. Shteyn; first three paragraphs are GUDOK introduction]

[Text] Many Muscovites probably remember that the Paveletskaya subway station was suddenly closed one terrible day in the spring of last year. It later became known that three cars had burned—completely! True, there were no victims; all passengers managed to exit from the cars at the very start of the fire. Several other cases of burning electrical equipment occurred last year on subway routes. To our great good fortune, there were no human victims in any of the cases. Immediately after this, three union ministries—the Ministry of Heavy and Transport Machine Building, Ministry of the Electrical Equipment Industry and Ministry of Railways—rightfully decided to increase the reliability of the cars and improve their fire resistance.

A very short period was planned for implementing the decision—several months. The designers in the Ministry of Railways and the Mytishchinskiy Metrovagonmash [Subway Car Building] Production Association of the Ministry of Heavy and Transport Machine Building assumed the main concern for organizing this task. Metrovagonmash is the same enterprise that has been producing cars for subways for 54 years. The cars operate not only on subways in our country but also on subways abroad.

The designers came up with a fire-safe car in four months. It underwent tests as a "standard" one during February of this year. In a word, the series-production of new electric trains should take place using it as the model. What will they be like? How will they be better than the previous ones? What does their increased safety consist of?

[Answer] V. Gurevich, deputy chief designer of the Mytishchinskiy Railcar Building Plant, says: Let us look at a "standard" car. It has two distinctive features. First, it is complete in every detail with modern and more

reliable electrical component devices and equipment. Second, its design and finishing make maximum use of nonflammable materials and ones that ignite with difficulty. The development engineer collectives tried to complete it this way. They were able to fulfill the important order quickly and qualitatively.

For example, the All-Union Scientific Research Institute for the Cable Industry developed special wiring with insulation made of silicone organic materials that do not spread fire. This is especially important for a subway; you see, there are approximately nine kilometers (!) of different types of wiring in each car. The wiring is inside, outside and under the floor. A large current flows through it. Now in the event of a fire, the new insulation does not permit a fire to spread. The service of the institute is primarily that it brought the work to series production.

[Question] How are things going with the protection of the electrical circuit?

[Answer] It has been modernized and been made considerably more effective. Improved automatic switches of the AK-63-B type are used for this and, in particular, for the power and control circuits. They are also being series produced.

At the same time, auxiliary electrical circuit safety devices of a more dependable and improved design have also been introduced. Moreover, all high voltage devices and safety devices for protecting the electric circuit have been moved under the car from the equipment compartment and the engineer's cab.

[Question] However, you know that subway cars are not only filled with electrical equipment. There is the floor, the lining, and the seats? How nonflammable have they become?

[Answer] Here are the facts. Penza's Vlast Truda Plywood Combine has developed and begun series production of plywood for floors, which ignites with difficulty and which is impregnated with special resins. The Otradnenskiy (Kuybyshev Oblast) Polymer Construction Materials Combine has developed a special practically nonflammable linoleum. The Kalininskiy Iskozkh Combine has mastered the production of a vinyl leather for the seats, which is also impregnated with a fire-preventive compound.

As a result, the overall so-called inflammability index of the cars has been reduced twofold. Other innovations have also contributed to this. For example, the design of the head cars includes "blank" dual partitions to the ceiling. These separate the equipment compartment from the engineer's cab and the passenger section.

You, of course, will not list everything—there are very many innovations. However, it is impossible not to mention two of the most important ones. These are the

highly effective powder-type fire extinguishers. In addition, to the previous carbon-dioxide fire extinguishers, these are now also mounted in the engineer's cab in the event that something happens suddenly to the electrical equipment in the equipment compartment. The second important innovation is the automatic fire-alarm system that is being used for the first time in our native car building practices.

[Question] Therefore, it is clear that the new "standard" car is considerably more reliable than those previously produced and has a higher degree of fire safety. Well then, when can we now expect these cars on the underground routes?

[Answer] We began series production on the first of April. However, one cannot say that the entire series will arrive immediately. Stages have been planned because there are still many unsolved problems. For example, dome lights made of fire-resistant polycarbon have not been designed for the lamps in the passenger section. The All-Union Scientific Research Institute for the Illumination Engineering Industry and the Likhoslavskiy Lighting Engineering Plant have only manufactured a meager test batch of these lights. The task has still not been brought to a broad circulation. Indeed, the Likhoslavskiy plant explains the delay by the fact that the Ministry of the Chemical Industry is not supplying the raw materials.

[Question] Will such an important task really be disrupted only because of one delivery?

[Answer] Not because of one. This ministry has in no way arranged for the production of special plastic for the internal finishing of the passenger car walls and ceilings. Moreover, this plastic—or as scientists call it: fiberglass phospholite—is a new and very promising material. Generally speaking, it does not burn—like metal; and it has the same strength except it is very light. When we saw it in the Academy of Sciences Pavilion at the Exhibition of USSR National Economic Achievements, we immediately decided that it was what was needed for the cars. However, despite the wonderful qualities of this material, its high economical efficiency and the fact that an author's certificate was received for it in 1982, it is still not in production. Meanwhile, Japan, for example, patented an invention in that same year of 1982.

[Question] But why did our innovation not find support and "theirs" did immediately? Will not the same thing happen with the fiberglass phospholite—that it will return to us under a foreign name?

[Answer] Unfortunately, history could repeat itself with this very valuable plastic which can, incidentally, be widely used in other branches of the national economy. Why? Because it is necessary to build a new plant. And this is troublesome. Not one of the ministries involved in

this—neither the Ministry of the Chemical Industry nor the Ministry of the Construction Materials Industry—are hurrying to set up a new production facility.

Here is the answer to the question of why the walls in the "standard" car are finished not with fiberglas phospholite, on which the Mytishchi designers counted, but with standard, although several times more fire-resistant than before, plastic. For some reason, all of us have become accustomed to the fact that we seldom manage any serious matter without difficulties and problems, at times created artificially....

Nevertheless, I want to finish our conversation on an optimistic note. There is justification for this. First, modernized cars are already passing through the gates of the Mytishchinskiy plant with improved fire safety characteristics. Second, the capital's subway depot is preparing for the step-by-step modernization of its entire rolling stock. We think that fiberglas phospholite will appear in the near future.

The Mytishchi machine builders and the Ministry of the Electrical Equipment Industry designers have begun to design subway cars of a fundamentally new design this year. Electronic and semiconductor devices with external and internal systems for diagnosing the operation of the equipment and using the most advanced design solutions will be used in them. In a word, the model car for the 21st century is already on the threshold of being introduced. We will hope that departmental floor boards will not conceal these thresholds this time.

08802

Oversized Cargo Transported Via Rail
18290147a Moscow GUDOK in Russian 8 May 88 p 1

[Article by V. Vashchenko: "A Specially Undertaken Operation for Hauling Oversized Freight Has Been Completed at the Kemerovo Railroad Yard"]

[Text] Many people, surely, have heard that in Siberia the unusual Belovo-Novosibirsk coal pipeline is under construction. Fuel from the Kuzbass [Kuznetsk Coal Basin] will be transmitted by pipe to the new TETs-5 of the city on the Ob. It will dispense with the necessity for moving thousands of tons of "black gold" by rail annually. There will be gains not just in savings but also in the ecology.

No one doubts the necessity for the pipeline. Its construction was completed last year. But a mass of other problems that must be solved along the way remained. All the same, it is the first time such a thing has been attempted in world practice and on such a scale. Foreign firms are participating in the construction. But our specialists solved the main problem—in what form should the coal be pumped through the pipes? They created, in essence, a new type of fuel. The initial product is coal dust, mixed in a certain proportion with

water and other additives. The technology of pumping this mix was proposed by the Italians. The ball mills for pulverizing the coal were manufactured in the FRG. We will discuss that here.

There are, in all, two mills. They were loaded on a ship at Bremen and were sent to the mouth of the Ob over the Northern Sea Route. There they were transloaded onto river boats and shipped to Tomsk. Later, the river workers, fearful of getting them on a shoal, refused to haul them, although the mills did not weigh so much: the housing weighed 124 tons, the rigging 28 tons.

The builders turned to the motor-vehicle and railroad authorities. The first "threw" the items from the port to the nearest railroad yard. But the remaining 388 kilometers to the installing site had to be negotiated by rail. The load exceeded railroad clearances by far....

MPS [Ministry of Railways] found some special rolling stock: articulated-type transporters of 500-tons load capacity and, the main thing, specialists who knew their business. The manager of the Outsized-Load Haulage Laboratory of VNIIZhT [All-Union Scientific-Research Institute for Railroad Transport] Yu. Lazarenko quickly went to Tomsk. And the main responsibility for the operation rested on him.

We, correspondents for TASS, APN [Novosti News Agency] and GUDOK, together with first deputy chief of the Kemerovo Railroad Yard A. Koryachkin, stood on the high shore of the Tom River by a single-track railroad bridge, waiting for this unusual train. Anatoliy Mikhaylovich is speaking:

"We did a lot of preparatory work. First we 'drove' a mockup over a possible passage route. The option of the shortest route through Yurga was rejected: it turned out that there were too many dangerous places. We decided to send it through the Anzher Railroad Yard.... Everything that could interfere was removed from the route. Even the stairs on the girders were cut from this bridge. The footings of several light signals had to be undermined in order to deflect the supports during the train's movement.... There were no special losses of throughput when the unusual freight was hauled. It has been on the track for four days now. In 48 hours as a maximum it should be in place."

And now the train shows up. Behind the locomotive are three flatcars. On one of them is an arc with clearance pegs. Then the car of the VNIIZhT Laboratory. Then a passenger-type car. The first and second are special transporters, and between them, as if pressed down on the scales, the mill's enormous pipe-housing. Then more flatcars and a railroad car, and then a pair of special transporters with the second housing. Rain pours down. The locomotive proceeds slowly along the bridge, it stops, it pushes the train backward...and again moves forward. The members of the crew of the special transporters, with Ye. Kiyko and V. Shiyan in charge, are

doing jewelers'-precision work: by means of hydraulic control they literally press the mill's housing through, between the bridge's girders. The gaps came to a few millimeters. Four days (the train was parked at night) of such incredible tension! One and a half hours were spent on passage of the 800-meter bridge....

A day later I called the Kemerovo Railroad Yard administration.

"Everything arrived in good shape," he told me. "Days earlier than planned...."

11409

Passenger Service Complaints Aired
18290147b Moscow GUDOK in Russian 26 Jun 88 p 1

[Article by L. Malash: "The Passenger Gives an Evaluation"]

[Text] The day before yesterday the first nine trains whose passengers were delegates to the 19th All-Union Party Conference were dispatched. The delegates will have many concerns, and they are to solve important problems. And among the main tasks is the country's economic and social development. Transport service for the public is a component part of this problem, and society's economic and social interests are most closely intertwined here.

Freight is freight, but the people evaluate MPS [Ministry of Railways] operations precisely by the passenger service. How do they assess it? Judging by the mail, which comes in a continuous stream not only to the newspaper's editorial board and to the ministry but also to the party conference, it is very poor. We are all pretty well sick of the endless lines at the ticket offices, the dirt in the cars, the boorishness of the conductors, and the constant delays of trains. People are tired of the ugliness that reigns on the railroad. And even the railroaders themselves, it seems, do not derive special pleasure in talking from day to day about one and the same thing: about the serious crisis in the passenger service, which the transportation workers still have not been able to get out of.

Without touching on the objective causes—a poor materials base for the passenger service and severe shortages of rolling stock—right now we are referring to the fact that the managers of many railroad officials do not have a responsible attitude toward passenger transport, considering it second priority. Thereby they are actually discrediting the policy of the party, which proclaims that concern for people is a number one task.

How can one explain the fact that today people cannot catch trains from Urengoy, Surgut, Vorkuta, Inta, Murmansk, Leningrad and Krasnoyarsk? The captains of the mainlines have to be reminded by Moscow, by the ministry, of the purpose of the additional trains in these

"hot" directions. Since 29 May the summer operating schedule for passenger trains has been in effect, but train No 531/532 travels between Adler and Leningrad every other day, and the Leningrad-Irkutsk train runs only twice a week instead of four times.

Operation of the Oktyabr Mainline especially provokes many censures. The passengers complain about poor preparation of the trains for the trip. And indeed it is here, in Leningrad, that an excellent covered servicing and repair depot was recently constructed. Oh! how proud of it the Leningraders were, with what assurance they said that now every train will be in complete order! And now what? This building is overgrown with grass and nettle, construction debris is scattered all over its grounds, and the RED [repair and servicing depot] itself is being operated at only 50 percent of its capacity.

Buying a ticket for the train in Leningrad also is a problem. In this vast city only seven places for preliminary sale of tickets are in operation. In comparison, there are 27 in Kiev.

And here is a fact that is literally an anecdote. Recently a Moskvich tourist train was organized, on which 370 of the capital's best propagandists were sent on a trip. On returning from Leningrad to Moscow it was delayed five hours. This is how the Oktyabr's railroaders operate!

Passenger-train schedules were spoken about with special anxiety at a selective meeting held at MPS, which V. Ginko, the deputy minister, conducted. The schedules are being observed extremely poorly on the Northern, Volga, Transbaykal, West Siberian, Kemerovo and Krasnoyarsk Railroads. The neighboring North Caucasus Railroad systematically is not receiving Donetsk Railroad trains. In getting out of the rhythm, they run truly with turtlelike speed. And while we have become accustomed to saying that we have all of the biggest and the best, then 49 kilometers per hour is the world's slowest scheduled passenger-train speed.

A shining example of the irresponsible attitude toward passenger transport is the situation with luxury express trains. Right now the question has arisen of removing this title from trains No 23/24 Dushanbe-Moscow, No 9/10 Saratov-Moscow, No 51/52 Sukhumi-Moscow, No 31/32 Simferopol-Moscow, and even No 1/2 Moscow-Vladivostok, the celebrated Rossiya.

At the very height of the summer a room for mothers and infants at the station of the Anap Railroad Yard was closed, and it was replaced by a recreation room. For the third year now a small cafe has been under construction here alongside the station....Do you know how the workers of the Krasnodar Division of the North Caucasus Railroad explain their literally couldn't-care-less attitude toward passengers? By the fact that the arrivals spend only two months of the year (?) here, and what is more, these are organized groups, to whom this is a place to grab a bite and stay overnight.

The tragedy at Arzamas shook the whole country recently. I went there after hearing the Ministry of Railways report and I saw that in the kiosks and trays on the platform there were neither cookies nor rolls, no water, nothing....Only sellers in dirty clothes stood by the counters. A reasonable question: how do they obtain

money if there is no work and there is nothing to sell? It is strange that the local authorities "did not see this" before the minister did. But then again, do not heed the passengers—this is already a tradition.

11409

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